

PEOPLE
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6 Cities in East

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| Algeria | 5.50 | De. Arab | 15.20 | New York | 5.00 |
| Amman | 17.1 | Liby | 100.0 | Paris | 6.00 |
| Baghdad | 0.650 | London | 4.50 | Portugal | 4.50 |
| Berlin | 23.8 | Geneva | 14.00 | Spain | 4.50 |
| Brussels | 13.1 | Madrid | 20.0 | Switzerland | 4.50 |
| Cairo | 4.00 | Osaka | 24.00 | Taiwan | 4.50 |
| Damascus | 6.00 | Seoul | 1.00 | U.S.A. | 4.50 |
| Delhi | 1.00 | Singapore | 1.00 | Yemen | 1.00 |
| Hong Kong | 1.00 | Tokyo | 1.00 | Yugoslavia | 1.00 |
| London | 1.00 | Zurich | 1.00 | | |



President Reagan calls on a reporter at his news conference.

Reagan Will Hold To Policy Despite Jobless-Rate Rise

By Herbert H. Denton and David Hoffman
Washington Post Service
WASHINGTON — President Ronald Reagan, asserting that Americans are "better off today than we were" because of his economic program, says he refuses to accept responsibility for rising unemployment and the recession, and he lays the blame on the Democrats.
In his 13th nationally televised news conference Tuesday, the president's comments helped depress stock prices. Page 13.
The president conceded that the unemployment rate may rise to a post-Depression high of 10 percent in next month's report, but he vowed not to change course in his economic policies.
Expressing empathy for the nearly 11 million people out of work, Mr. Reagan argued that the economic recovery would be a long process, but he said that the nation's economic future was bright.
The news conference came in the midst of the fall congressional campaign, and several of the questions dealt with the impact that Reagan economic policies might have on the elections.
But the president brushed aside responsibility for the nation's economic troubles, urged voters "to cut through all the demagoguery and rhetoric that they're going to hear," and declared that his administration had "pulled America back from the brink of disaster."
He also promised that "unless there's a palace coup" he would not ask for tax increases next year.
Mr. Reagan denounced as "modern-day Rip Van Winkles" the Democrats, who he said would like to forget the double-digit inflation, climbing unemployment and record interest rates he inherited.
"No, we haven't solved 20 years of problems in our first 20 months in office," the president said in his opening remarks. "But we have made a beginning where others failed to act."
Asked whether he would accept any responsibility for the nation's economic woes, Mr. Reagan quipped, "Yes, because for many years I was a Democrat."
Mr. Reagan's contention that Democrats bear the responsibility for today's difficulties was rejected by the Speaker of the House of Representatives, Thomas P. O'Neill Jr. of Massachusetts.
"The failure of Mr. Reaganomics is an American tragedy," Mr. O'Neill said. "President Reagan cannot pass the buck."
He added: "If the president really cares about unemployment, he (Continued on Page 2, Col. 5)

U.S. Force at Airport As Last Israelis Leave

By James F. Clarity
New York Times Service
BEIRUT — The U.S. Marines assumed control of Beirut's international airport Wednesday, landing in helicopters minutes after the last Israeli soldiers had departed.
The Israeli reluctance to leave had delayed the marines' arrival by four days, but diplomatic pressure from the United States on the government of Prime Minister Menachem Begin finally achieved the withdrawal of the small Israeli unit.
Six hundred marines arrived Wednesday and 600 more are scheduled to land on a beach near the airport Thursday. They joined French and Italian soldiers as part of a force that is to help the Lebanese government of President Amin Gemayel ensure public safety and establish its sovereignty in the Beirut area.
A total of 482 French troops that had been serving with the United Nations peacekeeping force in southern Lebanon joined the 1,080 French soldiers and 1,170 Italians already in place.
French and Italian soldiers have been deploying in West Beirut for four days. On Wednesday, the forces took positions in three separate zones: the Americans at the airport in a southern suburb, the French in the northern part of West Beirut and the Italians in an area between them.
Israel had occupied the airport since mid-August, and as late as Tuesday was expressing a desire to keep some troops stationed there.
"There was no diplomatic victory" in arranging their withdrawal, said U.S. Ambassador Robert S. Dillon, who was at the airport to greet the marines as the Israelis were driving their trucks away.
"There was some persuasion," the ambassador added. "We think that Beirut, as the capital, has to be free of all foreign forces." He said U.S. policy also called for Israel to withdraw its army from East Beirut and the suburbs, including Sabda, the site of the presidential palace.
But the ambassador said there was "no timetable" for Israeli withdrawal from the entire Beirut area.
The three-nation force, originally formed to supervise the evacuation of Palestinian and Syrian combatants from the Israeli-besieged capital, was recalled after Christian militiamen massacred hundreds of Palestinian civilians in two West Beirut refugee camps.
On Wednesday, press accounts here said that Christian militiamen broke into the Palestinian camp of Ain el Helweh near the southern port of Sidon on Tuesday and opened fire at residents, killing one and wounding several others.
Lebanese police sources said the Christians were guarding a roadblock at the gate of the camp and began firing when a driver refused to heed a stop sign.
The press reports said an Israeli patrol was sent to Ain el Helweh, where it arrested four of the Christian gunmen and turned them over to Lebanese authorities.
Munitions experts of the Lebanese Air Force said two mines Wednesday that the Palestine Liberation Organization had left behind near the airport. The Associated Press reported from Beirut that the U.S. marines are to help the Lebanese clear the mines.
The marines' commander, Colonel James M. Mead, asked about the dangers of the mission, replied: "There is no indication that anyone wants to do us bodily harm."
Shlomo Malinik, an Israeli



Two marines in a jeep, one of them carrying an M-16 rifle, surveyed the scene at Beirut's airport Wednesday as the U.S. contingent of the multinational peacekeeping force landed in Lebanon.

Reagan Says Marines May Stay After Israelis, Syrians Leave

The Associated Press
WASHINGTON — President Reagan told Congress on Wednesday that the U.S. marines who began landing in Beirut hours earlier would be there "only for a limited period of time." But he later told reporters traveling with him on a political trip to Virginia that the marines might stay in Lebanon even after Syrian and Israeli forces pulled out.
Mr. Reagan's formal notification to Congress that the first marines had landed — a notification required under the War Powers Act — said the troops "will not engage in combat" but may "exercise the right of self-defense and will be equipped accordingly."
He noted that "isolated acts of violence can never be ruled out" and said that "all appropriate precautions have been taken to ensure the safety of U.S. military personnel during their temporary deployment in Lebanon."
Mr. Reagan later told reporters that the marines might stay in Lebanon after a Syrian and Israeli withdrawal. He said the determination of how long U.S. forces would remain would be made by Lebanon itself. Indeed, he added, he expects the Syrians and Israelis to leave "sooner than Lebanon will be ready for us" to remove the marines.
Assistant Secretary of State Nicholas A. Velonis said at a congressional hearing Wednesday that in his view neither the Syrians nor the Israelis, despite pressure from the United States, "are going to be anxious to withdraw" from Lebanon. In answer to questions, however, he said the United States expected them to be out of Lebanon soon, "certainly" by the end of the year.
■ Optimism on Pullout
Earlier, Steven R. Weisman of The New York Times reported from Washington:
Mr. Reagan said Tuesday night in a televised news conference at the White House that he was "reasonably optimistic" that Israel and Syria would withdraw their troops "as quickly as possible to their own borders."
"We've had declarations from both countries that they want to do that," he said. He said the withdrawal was "going to come rapidly," but he declined to say when it might be complete.
In recent weeks U.S. officials have said that it could take a long time for negotiations leading to a full Syrian and Israeli withdrawal from Lebanon. On Tuesday night, however, Mr. Reagan dismissed a reporter's suggestion that the United States could get involved in "a long entanglement" as it did in Vietnam.
"I believe that we are going to be successful in seeing the other foreign forces leave Lebanon," Mr. Reagan said. "And then, at such time as Lebanon says that they have the situation well in hand, why, we'll depart."
The president's comments were made at his first news conference since the introduction of U.S. armed forces in Lebanon. The first such landing occurred in August when U.S. marines, along with French and Italian forces, helped oversee the departure of Palestinian forces, then withdrawal.
A senior administration official said the final decision on withdrawal of the marines would be made in consultation with the Lebanese government and that the marines could be there "for some time."
There are about 7,000 Palestinian guerrillas and 30,000 Syrian troops in northern and eastern Lebanon. About 50,000 Israeli troops are in Lebanon.
Mr. Reagan's announcement about the marines confirmed an agreement reached earlier in the day in which the Israelis promised to withdraw from the southern part of Beirut. Israel's failure to complete its Beirut troop withdrawal held up the landing of the first of the 1,200 marines, causing irritation among U.S. officials.
■ Support for Begin
No such irritation was expressed by Mr. Reagan on Tuesday night, however, and indeed the president appeared to go out of his way to reaffirm American friendship and support for Israel and for its prime minister, Menachem Begin.
The president, for example, did not repeat any of his recent expressions of shock and aversion to the Beirut massacre. And he appeared concerned about news reports suggesting that he wanted to see Mr. Begin replaced.
Asked to describe the "situation" between Israel and the United States after the massacre, Mr. Reagan said firmly:
"What I can tell you is one thing it isn't. It isn't what some of you have said or written, that we are deliberately trying to undermine or overthrow the Begin government. We have never interfered in the internal government of a country and we have no intention of doing so."
He added that "the Israeli people are proving with their reaction to the massacre that there's no change in the spirit of Israel, and they are our ally." He concluded: "We feel morally obligated to the preservation of Israel, and we're going to continue to be that way."
In declining to criticize the Begin government for its role in the massacre, Mr. Reagan also firmly rejected the suggestion that the United States bore any responsibility.
Mr. Reagan said the United States could not be assigned "responsibility" for what happened. He said U.S. troops had completed their mission in ensuring the departure of the Palestine Liberation Organization from Lebanon.
"Then who could have foreseen the assassination of the president-elect that led to the other violence and so forth?" Mr. Reagan asked.
The president's news conference also marked his first opportunity to answer questions about his Middle East peace initiative, announced Sept. 1. The plan calls for autonomy for the Palestinians in the West Bank and Gaza in a defined "association" with Israel, but not in an independent Palestinian state.
The Israeli cabinet has rejected the plan, and Arab nations have also rejected it. The plan calls for recognition of the Palestinians as the legitimate representative of the Palestinians.
Mr. Reagan said Israeli Arab reaction to his plan, as well as violence in the Middle East, had not discouraged him. "I'm not less optimistic," he said. "I'm also not deluding myself. It's going to be easy."
He said he understood that Israel and its Arab neighbors "have voiced things that they very strongly about." But he added that "having been a longtime negotiator, I happen to think that some of that might be a side staking out its position as to be in a better position when comes time to negotiate."

3 Schmidt Cabinet Members Assail Center-Right's Plans for Economy

Reuters
BONN — Chancellor Helmut Schmidt's cabinet attacked Wednesday the economic policies offered by a center-right alliance that hopes to take over the West German government on Friday.
The statements were in response to an agreement reached by the Christian Democratic Union, the Christian Social Union and the Free Democratic Party on Tuesday on a budget of tax increases, welfare cuts and business incentives. They would be put into force after Friday's vote in the Bundestag.
The liberal Free Democrats' defection from Mr. Schmidt's coalition on Sept. 17 gave the three parties a majority in the Bundestag. Their agreement to form a coalition makes it likely that Helmut Kohl, the Christian Democratic leader, will be elected Friday as the new chancellor.
In a related development, Günter Verheugen, the Free Democrats' general secretary and a leading left-winger in the party, quit Wednesday to protest the party's defection from the alliance with Mr. Schmidt's Social Democrats, a Free Democratic Party spokesman said.
Mr. Schmidt chaired Wednesday what may have been the last meeting of his cabinet, and three senior ministers told reporters that the policies of the new coalition were socially unjust.
Manfred Lahnstein, the finance minister, said the program represented a return to a society in which only the fittest would survive.
He and Heinz Westphal, the labor minister, attacked planned cuts in social aid to the poorest West Germans and in child benefits for large families.
"The plan to scrap social rent controls, give landlords still fatter tax relief, cut rent allowances and lower social aid amounts to a return to primitive capitalism," Mr. Westphal said.
Jürgen Schmude, the interior and justice minister, described the section on home affairs and legal policy in the coalition agreement as "an array of embarrassments and empty phrases."
Their attacks were echoed by West Germany's powerful labor union confederation, the DGB, which said Mr. Kohl's economic program was socially unbalanced and unacceptable. The DGB chairman, Ernst Brei, speaking in Wiesbaden, protested the center-right alliance's plans to legislate for tough pay controls on public employees.
Willy Brandt, the Social Democratic Party chairman and Mr. Schmidt's predecessor as chancellor, said the new coalition partners had ignored the will of 80 percent of the population by seeking to take power "through the back door" and not by elections.
Mr. Schmidt had demanded an immediate general election. He interpreted the Social Democrats' strong showing Sunday in state elections in Hesse as a public endorsement of his call.
Leading Social Democrats expressed doubt Wednesday about



Günter Verheugen

Soviet Calls U.S. 'Hypocritical' in Arms Talks

By Dusko Doder
Washington Post Service
MOSCOW — The Soviet government's chief spokesman has denounced the Reagan administration as "the most militaristic and reactionary" U.S. government since World War II.
This assessment was distributed by the official Soviet press agency Tass on Tuesday only hours before Foreign Minister Andrei A. Gromyko and Secretary of State George P. Shultz were to meet in New York.
The Kremlin spokesman, Leonid M. Zamyatin, alleged in his article that the Reagan administration was "sabotaging disarmament talks." He dismissed White House claims that it was seeking to reduce strategic and intermediate-range nuclear arms as "nothing but hypocritical rhetoric." A new round of arms talks is to start in Geneva this week.
The Kremlin's message seemed loud and clear, saying that President Ronald Reagan was not interested in a stable East-West relationship and instead was determined to attain military superiority. In short, U.S. policy precludes the possibility of a meaningful dialogue.
The Russians have privately said the same thing, suggesting that they will have to wait out Mr. Reagan's term in office before a constructive dialogue could resume.
Such comments have set off a guessing game about whether the Kremlin has given up hope on getting anywhere with Mr. Reagan. Stated somewhat differently, the question is whether Moscow intends to risk a slide toward confrontation or whether it could be pushed at Geneva arms talks to come closer to negotiating on Mr. Reagan's terms.
Generally, Western diplomats say they believe the Russians still want to talk to Washington. Soviet rhetoric, they say, frequently differs from Soviet behavior at the negotiating table.
Moscow has been coping with Mr. Reagan's hard position by working actively to improve relations with Western Europe and by openly courting China in an effort to reduce tensions on its eastern borders.
There is a glimmer of hope that Peking has decided to respond positively to the Soviet overtures, although it is apparent that the extent of contacts due to start next month would be determined by the Chinese.
However, the possible collapse of Chancellor Helmut Schmidt's government in West Germany has opened gloomy prospects for Moscow's policy toward Western Europe.
Mr. Schmidt's Social Democratic Party includes a powerful left wing that has opposed the scheduled deployment of 572 new U.S. intermediate-range nuclear missiles in Western Europe in 1983. And Mr. Schmidt has assumed the role of "interpreter" between the two superpowers in an effort to influence the talks on curbing the missile arsenals on both sides.
The Russians are carefully following developments in Bonn. It is possible, according to some analysts, that the eventual outcome may be a somewhat more accommodating Soviet stance in Geneva. It is equally possible that the Russians may go in the opposite direction.
Public voices suggest a tough attitude. Marshal Viktor G. Kulikov, the commander of Warsaw Pact

Despite Socialist Pledge, Political Influence on French TV Remains

By John Vinocur
New York Times Service
PARIS — A year and a half into socialism, French television has not become so politicized that it could not offer 40 minutes of its taxpayer-supported time recently for the definitive program on the history of the garter belt. But the politics is there.
In the last two weeks the basic issue of how much the government has to do with setting the political tone of the national television networks has come angrily to the surface with a series of managerial appointments, the removal of a news program anchorman and what had the appearance of a cooperative agreement between the news division of one of the networks and L'Humanité, the official organ of the French Communist Party.
The question of who ran French television, particularly the news programs, has been a hotly contested issue since the de Gaulle, Pompidou and Giscard d'Estaing years. The government ran it. Television came with the territory, so to speak, and reporters and writers had as much chance of resisting the government line as a cook on a Liberian freighter would have in choosing its ports of call.
President François Mitterrand came to power pledging new freedom and independence for television, and a pluralistic approach to recording on one of the main news programs was the Communist Party, in the person of its Politburo spokesman, Pierre Juquin, and his vocabulary of pogroms, American responsibility and Israeli fascism.
What is clear about news programming, though, is that there is no irony, no attempt to place in a larger context the government's abrupt move away from plans to spend its way out of recession toward a program it defines as "new rigor," rather than austerity. Opposition politicians get their say on such matters, but in a journalistic tradition in which the lines between commentary and straight reporting have always been vague, what passes as objectivity these days is a kind of sparseness that wants nothing to do with pointing out contradictions or making comparisons.
Direct intervention by the government in matters of coverage, an old French habit often involving a phone call from an official with a political suggestion for an anchorman, has virtually disappeared, but reporters say that a more diffuse government presence is there.
Curiously, many of the reporters and editors with a Socialist political viewpoint now see a series of recent changes involving television news as signs of renewed influence by what they call the right wing.
Laurent Sauerwein, a Communist Party member of the news division of the French television network, said that the government's move to

INSIDE
■ As Argentina probes two alleged political assassinations there has been a public outpouring of anger against military for its violent campaign against its opponents during the 1970s. Page
■ NATO talks on Spain aimed at completing the ratification of Spain into the military command structure stalled pending the outcome of the Spanish election. Page
■ Britain's opposition Labour Party voted to abolish country's nuclear weapons, the next election and to reject the deployment of U.S. nuclear missiles. Page
■ A stopgap funding resolution to carry the U.S. government into the new fiscal year hit a snag in the Senate, raising the possibility of a shutdown of government activity Friday. Page
■ An auto industry summit appears today. Page

Furious Soviet Reaction to Massacre May Reflect Its Impotence in Middle East

By Serge Schmemmann
New York Times Service

MOSCOW — In the hue and cry over the massacre in Beirut, few voices have sounded as shrill and furious as Moscow's. In statements by Soviet leaders and in the press, the killings have been likened to the Holocaust, unborn generations of Israelis have been damned to suffer the scars of the heinous crime and Washington has been held to account as an accomplice.

To Western diplomats, however, the polemics have been underscored by Moscow's apparent helplessness during the rout of its Arab clients, in the diplomatic aftermath of even against the impudent Israeli side trip through the Soviet Embassy compound in West Beirut.

President Leonid I. Brezhnev seemed capable of little more than reminders to Arab leaders of past Soviet support and of telegrams to the Palestine Liberation Organization chairman, Yasser Arafat, cautioning against U.S. moves.

To some Western diplomats, the sight of Russians sided in the Middle East conjured up images of an aged leadership, incapacitated by a stagnant economy at home and locked into bankrupt policies and extravagantly expensive ventures abroad, relegated to venting impotent

rage and poking through the rubble of Beirut for political advantage.

To scan the world from the vantage of the Kremlin, however, may seem unsettling. To the east, Japan continues to demand the return of the Kuril Islands and China pursues its opening to the West. Vietnam is costing millions to sustain and Cambodia remains unoccupied. In Afghanistan, 100,000 Soviet troops seem checked by

NEWS ANALYSIS

bands of mountain men. Moscow's former allies in Iraq are feuding with potential allies in Iran, and in the Middle East even the Syrians seem to put more stock in Washington's leverage than in their sworn Soviet friends.

The African allies gained through the 1970s — Ethiopia, Mozambique, Angola — seem to have evolved into unproductive drains on Soviet resources. And in the United States, a conservative administration has seemingly failed to follow the course toward accommodation with Moscow.

Perhaps the brightest spot on the Soviet horizon is Western Europe and its struggles with Washington. But the view is somewhat marred by the economic chaos and continuing resistance in Poland, by the nagging inde-

pendence of the European communists and by the apparent awareness that in the end the Western alliance will probably survive internal arguments.

Western analysts who offer this bleak view of the Soviet position trace its development from the 1970s, when Russia pushed to military parity with the West, the economy grew at a steady rate of 4 percent, the United States seemed shackled by the upheavals of Vietnam and Watergate, détente carried the promise of Western technology and respect, and Marxist ideology appeared to hold an irresistible allure for developing nations.

But an alarmed West began its own nuclear modernization programs in the late 1970s, the Soviet economy slowed by half, Western sanctions and the lessons of a bankrupt Poland dimmed the allure of détente, and the attractions of Soviet-style communism waned as a model of development among Third World nations.

The military intervention in Afghanistan in the last days of the 1970s seemed an appropriate conclusion to the decade, pointing to the need for force to prop up a Marxist regime and touching off an unusual outcry against the Soviet Union among what it had called its "natural allies in the Third World."

Western analysts who see a Soviet foreign policy in retreat usually note the added problems of an incipient

power struggle in the Kremlin, a process presumed to hinder development of new policies or the jettisoning of discredited presumptions.

But the Kremlin has a way of confounding Western analysts, and there is a parallel school of thought in Moscow not yet prepared to accept as fact the erosion of Soviet foreign policy.

Soviet impotence in the Middle East, people of this school contend, can also be viewed as calculated restraint based on recognition of the dangers of plunging into a losing fray and as a demonstration of the continued belief, which is shared by some Western diplomats here as well, that a solution to the Arab-Israeli feud must eventually include Moscow.

Reports that the Soviet Union has begun to replace arms lost by Syria suggest expectations of a continued influence, and the Arabs' call for United Nations Security Council guarantees for any future peace may be encouraging for the Russians.

Elsewhere, the Soviet view likewise may be less bleak than commonly presumed. The tentative exchanges of overtures with Beijing mark an advance over past tensions, and Moscow's grip on Indochina, while costly and incomplete, does not seem seriously challenged.

Trade with India is flourishing, and even in Afghanistan there is no hard evidence that the Russians are balk-

ing at the diplomatic or military cost of a long campaign. There is every sign that the Russians were greatly relieved at being spared the need to intervene in Poland force, and press commentaries have noted with satisfaction the limited popular response to Solidarity's calls for demonstrations last month.

In Europe, Soviet propagandists are vigorously pursuing their campaign to mobilize public opinion against deployment of new U.S. medium-range nuclear missiles and the Siberia-to-Europe natural gas pipeline is viewed as something of a triumph for the Russians.

On the home front, analysts in Moscow share Washington's view of a nation exhausted by shortages and repression or paralyzed by a power struggle, but diplomats generally agree that Russians seem to have an uncanny capacity to tighten their belts over further, and dissatisfaction with shortages of consumer goods or food have been known to extend much beyond localized grumblings.

The Kremlin's perception of its standing in the world is difficult to glean because of the secrecy surrounding Soviet leaders and because of propaganda. The one front that most analysts are confident here that for all it talk of shifting to a "Eurocentric" policy, the Soviet leaders seem constant in their assessment of Washington as the key to any real changes in the balance of power.

Sharon Links Killing of Gemayel To Syrians and Some Phalangists

By David K. Shipler
New York Times Service

TEL AVIV — Defense Minister Ariel Sharon said Wednesday that information obtained by Israel linked Syrian involvement in the assassination of Bashir Gemayel on Sept. 14, nine days before he is to be inaugurated as Lebanon's president.

On a French radio interview program recorded here, Mr. Sharon also said that local Lebanese apparently had a hand in the plot against the Phalangist Party leader in Beirut that killed Mr. Gemayel and a score of other Phalangists.

Another Israeli source with connections in the military said the Lebanese were believed to have been Phalangists who knew the route of the building and had inside details of Mr. Gemayel's schedule of meetings.

The huge explosive charge, apparently detonated by remote control, seemed to indicate that highly trained professionals were responsible, the Israeli said.

The assassination of Mr. Gemayel led to the entry of Israeli troops into West Beirut and then the massacre by Phalangist militiamen of hundreds of Palestinian men, women and children in two refugee camps.

"We do not know who killed Mr. Gemayel," Mr. Sharon said, "as far as we know by now, it could be in a way connected with Syrians and some local Lebanese, but connected with the Syrian."

ians. That's what we know by now."

Mr. Sharon found himself on the defensive about the massacre throughout much of the questioning, which was conducted by a panel of journalists. The program was scheduled for broadcast on the Europe One station Wednesday night.

The defense minister's appearance on the program caused considerable controversy in France, where Israel has been excoriated for its role in Lebanon. Some of the interviewers, mostly French editors and commentators, said they had been called by friends who asked how they could agree to see

Mr. Sharon. "Would you see Eichmann or Hitler?" some were said to have asked.

Rene Audrieu, editor of the Communist paper L'Humanité, published a statement calling it indecent to speak with Mr. Sharon and refusing an invitation to participate.

Mr. Sharon accused French news organizations of being one-sided in their reporting on Israel and accused France and the rest of the world of indifference toward the Lebanese Christians in years of massacres and persecutions.

"More than 100,000 people were killed, mostly Christians," he said, "and more than 300,000 people were wounded, again most of them Christians. And no one, no one in the world, not the pope, not the Americans — no one came to their rescue, no one."

"I see now French helicopters in Beirut," Mr. Sharon continued. "We are glad that they help and support. I did not see French helicopters in those dark days of the massacres against the Christians in Lebanon, coming to evacuate the wounded. I never saw them there. But our pilots, our boys came. We did, we helped."

"And if the Christians in Lebanon exist," he said, "it's only due to one factor: It is the fact that Israel, being also a small nation, is very sensitive to the fate of minorities, came to their rescue. No one in the world, not only did not help them, not only did not send weapons to them, nobody in the world said a word about that since 1975 until 1982."

Mr. Sharon also said that he welcomed the investigation decided upon Tuesday by the cabinet, and at one point he seemed to hint that if the judicial commission of inquiry found him culpable he might resign.

"I hope that no one will be found guilty," he said, "but if anyone is found guilty, I will take upon myself the responsibility." Prime Minister Menachem Begin was reported by Army Radio to have said that as prime minister he would shoulder whatever responsibility Israel should bear.



A Lebanese boy tried on a U.S. Marine helmet Wednesday as he greeted a member of the newly arrived peacekeeping force.

Egyptian, at UN, Urges the U.S. To Press Israel to Leave Lebanon

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — Egypt, the one Arab nation formally at peace with Israel, has urged the United States to press Israel to withdraw from Lebanon.

Butros B. Ghali, Egypt's minister of state for foreign affairs, said Tuesday in a speech to the UN General Assembly that Israel's continued presence was an illustration of the "atrocity of power" and would "intensify the waste and destruction" in Lebanon.

"We urge the U.S., the superpower which is providing Israel with the wherewithal of power and the means of life, to promptly restrain Israel as President Eisenhower did in 1957," the Egyptian official said.

He was alluding to a time when Dwight D. Eisenhower persuaded Israel to abandon the Egyptian territory it had seized after its 1956 assault with France and Britain on the Suez Canal.

Mr. Ghali's message, noteworthy chiefly because it was delivered publicly, echoed pleas that Cairo has addressed in private to Washington.

While all foreign forces should leave Lebanon, Mr. Ghali said, Israel's must go unconditionally. Israel has insisted that it will pull out its troops only when the Syrian and Palestine Liberation Organization forces withdraw.

Mr. Ghali repeatedly stressed the importance of the U.S. role. He described President Ronald Reagan's Middle East proposal as the "foremost positive development" in the area, saying it contained "many positive elements." The Egyptian official said this was one more reason why "the U.S. is urged to take a firmer stand."

But Mr. Ghali made clear there was a significant difference between the Egyptian and U.S. positions. Mr. Reagan said that he could not support an independent Palestinian state, while Mr. Ghali said that "ultimately it is inevitable" that the Palestinians should have the right to create their own state.

Israel has turned down the president's plan, and Mr. Ghali urged it to drop its "rejectionist attitude." There was a touch of irony in this phrase. Countries like Algeria,

Iraq, Libya, South Yemen and Syria are termed "rejectionist" because they have said they will never recognize Israel.

The Egyptian aide urged the PLO to consider a proposal by France and Egypt calling for mutual and simultaneous recognition of Israel and the Palestinian group. This, he said, could open the way for Washington to negotiate with the PLO.

The PLO's growing diplomatic stature was indicated by the foreign minister of Denmark, Uffe Ellemann-Jensen. He said he had been instructed by the 10 mem-

bers of the European Community to meet on Friday with Farouk K. Doumit, the foreign affairs director of the PLO.

Like other Arab speakers, Mr. Ghali criticized Israel for the massacre by Lebanese rightists of hundreds of Palestinian refugees in West Beirut camps. "Israel ignored its pledges," he said, "unleashing its henchmen, murderers and assassins to butcher children, babies, women and elderly men under the protection of an occupation army."

WORLD BRIEFS

Pym Seeks Full Truce on Falklands

UNITED NATIONS, New York — Foreign Secretary Francis Pym, Britain, in an address Wednesday to the General Assembly, called Argentina to prove it had renounced the use of force over the Falkland Islands and to demonstrate respect for the inhabitants' right of self-determination.

Referring to Argentina's seizure of the islands from Britain last spring, he declared: "Why, even now, has Argentina not accepted the definitive cessation of the hostilities which she so mistakenly initiated? Is it not Argentina to prove that she has renounced any thought of using force? It is not for Argentina to demonstrate respect for the right to self-determination, including the right of the Falklands?"

He said that throughout the campaign to retake the Falklands, Britain took great care to act within the UN Charter. He added, "By liberating the people of the Falkland Islands from alien domination, we were also standing up for the right of a small but authentic people to determine how they should be governed and how they should live."

Argentine Army Retires 9 Generals

BUENOS AIRES — The army changed its top command Wednesday sending nine brigadier generals into retirement after an investigation into the service's performance in the Falkland Islands war.

Those retired included Alfredo Saint Jean, who was interior minister during the conflict with Britain. The army announcement did not mention four generals who commanded Argentina's troops on the islands, which Argentina claims and calls the Malvinas. The generals are Mario Benjamin Mendez, who was military governor during the 74-day occupation, Omar Parada, Oscar Jofre and Americo Daher.

All four last week asked for retirement to protest their exclusion from a commission studying the army's performance in the war, which began April 2, Britain regained control of the islands on June 14. [Related story, Page 3.]

Thatcher and Gandhi Discuss Trade

NEW DELHI — Prime Ministers Margaret Thatcher of Britain and Indira Gandhi of India discussed the world situation and trade in a meeting Wednesday.

Mrs. Thatcher described her overnight pause in India on her way back to London from an Asian trip as a "very brief but very worthwhile" addition. "It is always worthwhile to talk to Mrs. Gandhi." The two leaders met for a "working breakfast" and Mrs. Gandhi accompanied Mrs. Thatcher on the short drive to the airport.

"We had a lot of news to exchange," Mrs. Thatcher said. "As you know, I have been on a tour of Japan and China and Hong Kong, and I wanted to hear from Mrs. Gandhi about her experiences in the United States and the Soviet Union."

Battle Seen Looming in Mozambique

JOHANNESBURG — Mozambique's army is preparing for a "crucial" battle with South African-backed guerrillas of the Mozambique Resistance Movement in the Limpopo Valley about 125 miles (200 kilometers) north of Maputo, the Star newspaper said Wednesday.

The densely populated valley has been an obstacle for the guerrillas or their southward advance, the Star said, quoting Mozambique sources. "To restart the advance," the sources said, South Africa is sending "hundreds of guerrillas from training camps in Transvaal to reinforce the movement."

To combat the planned offensive, the dispatch said, Mozambique has "selected more than 1,000 men and women from the Chibuto district for military training." They will be armed with rifles and sent back to defend their villages, the report said.

Vietnamese Accused of Gas Attack

UNITED NATIONS, New York — Vietnamese troops used poison gas and other chemical weapons in a large-scale assault on Cambodian positions in March, a Cambodian rebel leader said Wednesday.

Son Sann, prime minister under Norodom Sihanouk in the Peking-supported opposition coalition, said about 1,600 Vietnamese took part in the attack, which he said took place at Sok Sann near the border with Thailand. He said the Vietnamese attacked in waves for seven days.

"They shelled all the time, big shells with toxic gas," he told reporters. "There was a bomb made of yellow rain and we found a white powder in other shells." He said the Red Cross was given samples of the powder for investigation. Some of those in the area collapsed from nausea, but there were no deaths, he said.

Solidarity Backing Cited in Poland

WARSAW — The government newspaper Zycie Warszawy said Wednesday that Poles were not unanimous on the issue of reviving trade unions, but the newspaper conceded that most workers were opposed to the dissolution of the suspended Solidarity union.

The youth newspaper Sztandar Mlodych, meanwhile, quoted workers as saying Solidarity had been of service to workers, although it had made mistakes. Solidarity was suspended with the imposition of martial law Dec. 13, Sztandar Mlodych reported. Most workers were in favor of "unions independent from state administration."

Zycie Warszawy, in an analysis of 1,027 letters received from readers about the trade union issue, said some readers called for the union's revival to be postponed for "several years," others favored the revival of the three types of unions that existed before martial law was imposed, and others wanted suspended unions disbanded and replaced by new structures. It gave no figures.

Africa Food Output Decline Reported

ALGIERS — One-third of Africa's 490 million inhabitants suffer from hunger or malnutrition most of the time, yet the continent's food production continues to decline, Edward Sautoma, director-general of the United Nations Food and Agriculture Organization, said Wednesday.

He told the organization's 12th African Regional Conference that Africa's average food output per person had dropped by 10 percent over the past 10 years. Poor use of land by growing numbers of migrant farmers results in the loss of \$1 billion in potential (15 million acres) of fertile land every year, Mr. Sautoma said.

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Church Meeting Canceled

TOKYO — A convention of the Japanese branch of the Unification Church of the Rev. Sun Myung Moon of South Korea has been canceled after the group received several bomb threats, an official

Reagan Blames Democrats For Climbing Jobless Rate

(Continued from Page 1)

would not veto so many jobs bills.

With jobs the overriding issue in this fall's campaigns, Mr. Reagan acknowledged that when unemployment figures for September are published Oct. 8, "it is possible that we might touch 10 percent."

Mr. Reagan sought to blunt the impact of what would be the highest level of national unemployment since the Depression with an assertion that there is a higher percentage of people employed today than has been true even in the past in times of full employment. He noted that even though 10.8 million people are out of work, 99 million are working.

"What has happened is, a greater percentage of adult Americans have entered the work force, are in the work force, than ever before," Mr. Reagan said.

The president, attempting to lay the groundwork for what may be more bad economic news in the weeks ahead, suggested that one bad month would not stand in the way of a recovery. "You've got to remember these figures are a little volatile," he said, "looking at what is a chart line and there are dips in it... and it may show a dip, but that will be a glitch."

Mr. Reagan expressed confidence that the economy was "going around the corner or the curve" toward recovery. Asked if he would reconsider his economic strategy if unemployment continued to rise, the president responded with a firm rejection of the "artificial programs that make for dead-end and temporary jobs as we've had in the past."

"They don't last, they aren't permanent, and they also just delay the bringing back of the solid base to the economy," he said in rejecting a Democratic proposal to create 200,000 public-works jobs.

Making a plea instead for the job-training bill awaiting final congressional approval, Mr. Reagan said the legislation would provide 70 cents of each dollar spent for job training, compared with 20 cents in previous such programs. And he emphasized his belief that jobs are plentiful for those who

At the same time, the president firmly refused to retreat from the third year of his tax cut, which is due in July 1983, and he ruled out tax increases next year.

Many economists and some of Mr. Reagan's own advisers think he is likely to accept another tax increase next year to reduce deficits and finance his military buildup. Mr. Reagan in a later question referring to his promise not to raise taxes said that the earlier remark had represented only his "personal feelings" on taxes.

■ Democrats Attacked
Reuters reported from Richmond, Virginia, that Mr. Reagan, addressing a Republican Party rally Wednesday, said Americans suffered their worst economic reversal since the Depression while President Jimmy Carter was in office from 1977 to 1981.

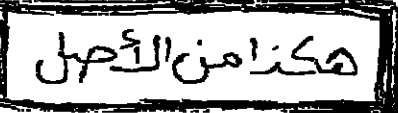
Campaigning for Republican candidates in the Nov. 2 congressional election, Mr. Reagan said government had "spun out of control like a washing machine out of balance" because of excessive spending and the growth of bureaucracy and regulation of business.

Echoing the views of politicians that the congressional election would be a referendum on his economic plan, Mr. Reagan said the choice before American voters was as important as it was when they elected him two years ago.

"It is a clear choice... whether we will continue on our sure and steady course to put America back on the track or whether we'll slide back into another economic slide like the one that left us with today's pounding national hangover," he said.

Vandalism Is Reported Against Tunisian Jews

TUNIS — Stores and houses belonging to Tunisian Jews were looted or set ablaze in a small southern town Monday as the residents observed Yom Kippur, reliable sources said Wednesday. Police intervened and arrested several youths during the incidents at Bengardane, near the Libyan border, but there were no casualties.



Argentine Military, Weakened, Is Now Criticized Publicly

By Jackson Diehl
Washington Post Service

BUENOS AIRES — The reopening of investigations into two alleged political assassinations has led to a public outpouring of accusations and criticism against Argentina's military forces for its violent campaign against its opponents in the 1970s.

In what appears to be the beginning of a long-delayed national debate over the military government's activities, several former public officials have spoken out on the cases of two Argentine diplomats who were abducted in separate incidents while working for the government.

Family members and human rights groups have linked military forces to both cases.

The accusations and the publicity have prompted a federal judge to reopen the case of Elena Holmberg, a former official of the Argentine Embassy in Paris, whose body was found in a river near Buenos Aires in December 1978.

It has also been reported that a federal judge is reviewing the

For First Time, Many Are Speaking Out on Abductions

case of a former ambassador to Venezuela, Héctor Hidalgo Sola, who was abducted in 1977 in Buenos Aires. Mr. Sola is presumed dead, although his body has not been found.

Both cases have been investigated previously, but the new inquiries have caused widespread controversy and the first public airing in Argentina of evidence said to link the military to political assassinations and "disappearances."

Describing prisoners, newspapers have begun describing secret prisons used by the military and have named several officers said to have been involved in assassinations. Family members, politicians and journalists have also strongly renewed calls for investigations of other disappearances unreviewed since the 1970s.

After three weeks of such outcries, the ruling military junta has reacted by prohibiting state-controlled television and radio stations from broadcasting

further reports of the Holmberg and Sola cases or of disappearances in general.

In a signal of the armed forces' concern over their weakened political position, the editor Friday also banned discussion of other recent allegations of government corruption and criticism of the military invasion of the Falkland Islands in April.

The outburst of discussion of the estimated 6,000 to 15,000 disappearances in Argentina since the 1976 military coup is regarded by both government and political leaders as crucial to the fate of the government and its plans to return Argentina to some form of democracy by early 1984.

While the armed forces remain politically divided, they are nearly unanimous in a determination to avoid investigations of their actions against leftist guerrillas and other activists from 1976 to 1979, according to a variety of sources. Military officials have said they are preparing an amnesty law that would

excuse "excesses," but they have declined to elaborate.

Members of the three-man junta and President Reynaldo Bignone have encouraged the new court investigations and have said all evidence of crimes should be handled by the civil courts, which in the past have failed to take action in disappearance cases.

The new furor has been encouraged by the public statements of former high military government officials. So far, the military man most threatened by the controversy is a former Navy commander-in-chief, Emilio Massera, a member of the first junta following the military takeover.

Admiral Massera and the naval security forces he managed have been linked to both the Holmberg and Sola cases by several former government officials, and human rights groups have provided the investigating courts with corroborative testimony by survivors of a clandestine prison operated during Admiral Mas-

sera's command at the Naval Mechanics School in Buenos Aires.

A former colleague of Miss Holmberg, Gregorio Dupont, testified and then publicly alleged last week that Miss Holmberg, described as fiercely loyal to the military government, knew of a meeting in Paris between Admiral Massera and the leader of Argentina's armed left-wing Peronist faction, the Montoneros.

Admiral Massera has vehemently denied the allegation.

According to the assertions made by Mr. Dupont, other former officials, family members and human rights groups, both Miss Holmberg and Mr. Sola were attempting to report such activities to other government authorities at the time of their abductions.

"Elena was a brave woman," said Eugenio Holmberg, one of Miss Holmberg's brothers, "and because it was known she had certain information and was passing information, they killed her. We think what is happening now will serve to bring the delinquents who killed her to justice."

Diplomats Hope Talks in Canada Will Help Lessen NATO Tensions

Reuters

BRUSSELS — West European diplomats hope that the NATO foreign ministers, who are meeting informally in Quebec this weekend, will probe deeply into the cracks within the alliance that have been caused by differences over relations with the Soviet Union.

The diplomats said they would be very disappointed if the serious trans-Atlantic strains were not discussed more freely and effectively at the upcoming meeting at La Saguené, near Montreal, than at last spring's summit in Bonn.

Expectations then of renewed trust and mutual understanding between Western Europe and the Reagan administration were quickly dispelled.

The present tensions, highlighted by the festering controversy over the Soviet natural gas pipeline, stem from resistance by the Europeans to what they consider American attempts to drag them into an ideological, political and economic showdown with the Soviet Union, the diplomats added.

Issue Not Discussed

Although the pipeline issue has not been discussed by NATO, the quarrel is seen by officials as affecting the credibility of the alliance, which is based on unity and cohesion.

Secretary-General Joseph Luns, who is joining the 16 ministers in the Quebec meeting, said he regretted that the two sides in the pipeline conflict did not state their positions more clearly from the beginning.

"My suggestion," Mr. Luns said last week in Oslo, "is that Americans and Europeans stop talking past one another on the narrow pipeline question and then get down to the much larger issue of how to deal with the philosophical differences which led to the problem in the first place and could, if unaddressed, provoke even worse ones in the future."

In protest of Soviet involvement in the imposition of martial law in Poland in December, the United States has banned the use of American equipment and technology by foreign companies in the pipeline project. Sanctions have been imposed against British, French and Italian companies that have shipped equipment at the orders of their own governments.

No Fixed Agenda

The Quebec meeting, which will give the U.S. secretary of state, George P. Shultz, a chance to meet some of his European colleagues for the first time, is to cover, without a fixed agenda, many facets of East-West relations.

The ministers plan to discuss prospects at the U.S.-Soviet arms control talks in Geneva, the diplomats said, although few new initiatives or developments are expected there in the next six months.

The ministers will also review prospects at the Madrid conference on European security, which is due to resume in November after a six-month recess. Trans-Atlantic differences are apparent there, too, with the United States intending to use it as a platform to denounce the Soviet Union and the Europeans seeking a more constructive approach, the diplomats said.

Western Europeans believe that détente implies a tough working relationship with Moscow to the benefit of both sides. That approach, in contrast to President Ronald Reagan's, is coupled with

increased vigilance and effort to build up defenses in spite of economic crises, the diplomats said.

Beside causing strains with allies, they added, these differences in perception could split leaders into renewed efforts to drive a wedge between the U.S. and its allies.

The ministers are also expected to discuss what is described by diplomats here as the great triangle of Moscow, Beijing and Washington; Soviet attitudes toward ghanistan; Poland; the Iran war; Lebanon; and the Middle East as a whole.

Senate Panel Backs Ex-Newsman for Ranking U.S. Post

The Associated Press

WASHINGTON — The Senate Foreign Relations Committee has approved Richard R. Burt, a former reporter for the New York Times, for a high-ranking State Department job despite a dispute over a news story he wrote in 1979.

Senator Jesse Helms, Republican of North Carolina, was the only member of the panel to vote against the recommendation that the full Senate confirm Mr. Burt as assistant secretary of state for European affairs.

Senator Helms said Mr. Burt had "engaged in a prima facie violation of the law" by using classified information in a June 29, 1979, story about plans for verification of the second strategic arms limitation treaty. That treaty, which has not been ratified, was then pending before Congress.

Other committee members said that if there was a violation of the law, it was committed by the unknown government employee who provided Mr. Burt with the information. At his confirmation hearing Sept. 15, Mr. Burt said decisions on whether to publish material that might have come from classified documents were made by Times editors in Washington and New York.

Mr. Burt was a reporter in the Washington bureau of The Times from 1977 to 1980. He has since been director of the State Department's Bureau of Politico-Military Affairs.

U.S. Conducts Nuclear Test

The Associated Press

LAS VEGAS — An underground nuclear weapons test was conducted early Wednesday at a Nevada test site, the Department of Energy announced. It was the 17th announced test at the Nevada site this year, compared with 17 for all of 1981.

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U.S. Government Facing New Crisis Over Stopgap Funds

By Helen Dewar
Washington Post Service

WASHINGTON — A stopgap funding resolution to carry the government into the new fiscal year has hit a snag in the Senate, raising doubts whether Congress can pass it in time to avoid the disruption of government activities Friday.

Although Congress still has time to finish the measure, so many amendments are pending in the Senate when it quit for the night Tuesday that the chairman of the Senate Appropriations Committee, Senator Mark O. Hatfield, Republican of Oregon, said it would be impossible to consider them all

and still meet the deadline of midnight Thursday.

That was true even though at least one provision, to strip the Federal Trade Commission of authority over doctors and other members of state-regulated professions, was laid aside in hopes of speeding passage of the spending measure.

The problem for Congress is that it has yet to pass any appropriations bills for the new fiscal year starting Friday. Spending authority for all government agencies runs out at midnight Thursday.

Congress frequently goes down to the wire on interim spending bills but muddles through in the

end, causing only minor disruptions in the government. However, last year the government was shut down for a day when Congress and President Ronald Reagan deadlocked over stopgap spending authority and the deadline was missed.

This time congressional leaders believe they can avoid a veto if a satisfactory compromise can be reached with Mr. Reagan on military spending levels. The more immediate problem is 40 proposed Senate amendments, including some so controversial that senators refused to give unanimous consent to move ahead with the bill in advance of its normal schedule.

Among them was a proposal

from Senator Jesse Helms, Republican of North Carolina, to prohibit use of compulsory union dues for political action committees, which Democrats were strongly opposing. Another would cut off funding for the Cinch River nuclear breeder reactor.

The bill can come up in routine fashion Wednesday, but Senator Hatfield said it was "not conceivable" that the bill could be finished by midnight Thursday unless many of the amendments were withdrawn.

Senate leaders kept up pressure Tuesday night on their colleagues to withhold amendments, but it was not clear whether they would succeed.

At one point, the Senate majority leader, Senator Howard H. Baker Jr., Republican of Tennessee, complained that, even as he took the floor to beg his colleagues to hold back on amendments, seven more amendments were added to the pile.

Staying in session Tuesday night might do more harm than good, he added, saying: "Amendments are like mushrooms. They grow after dark."

Earlier, the Senate approved a \$27.4-billion agriculture appropriations bill that restores \$2 billion in spending that Mr. Reagan wanted to cut from food stamp and other nutrition programs.

Tax Relief Backed for Urban, Rural Business Zones in U.S.

By Thomas B. Edsall
Washington Post Service

WASHINGTON — An election-minded Senate Finance Committee has endorsed a bill to provide new tax breaks for businesses in so-called urban and rural enterprise zones.

It has also approved a bill to help investors by reducing from one year to six months the holding period for capital gains.

These and other tax proposals were endorsed Tuesday night, after a morning session during which the Reagan administration said it will not discuss any major restruc-

turing of the individual income tax for at least a year. Proposed changes include suggestions for a flat income tax rate.

It is probable that neither house of Congress will have time to act on the committee endorsements before the recess at the end of this week for the congressional elections in November. But the bills could still be considered for the lame-duck session planned from Nov. 29 to about Dec. 24.

The president proposed creation of enterprise zones earlier this year. The idea is to lure businesses

to return to depressed urban areas by offering them special tax cuts.

The committee bill authorizes creation of 25 such zones in each of the next three years. But because there are eight farm state members on the committee, the legislation requires that eight of the zones each year be rural.

Inside the zones, an existing investment tax credit of 10 percent would be increased in some cases to 20 percent. In addition, the capital gains tax on certain property sales would be dropped. Employers would also receive a 10-percent annual tax credit for wages paid to

residents and a 50-percent credit for salaries paid to disadvantaged workers.

No cost estimate was provided on the zones bill, which would take effect next year.

There was also no estimate on the cost of the capital gains proposal, under which profits from the sale of assets would qualify for capital gains rates, instead of the regular income tax, if the assets were held for only six months instead of the current full year.

In the morning session, John B. Chapeton, assistant treasury secre-

tary for tax policy, said the administration will not initiate tax simplification proposals for at least a year. Mr. Chapeton said that replacement of the progressive income tax with a flat rate system would help those in higher brackets and hurt people in the lower and middle levels.

Treasury tables presented by Mr. Chapeton showed that certain flat rate proposals would cut taxes for those making \$200,000 a year or more by 60.5 percent while increasing taxes for the middle and lower classes from 28 to 342 percent.

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ASEAN Acting Steadily but Quietly to Increase Military Cooperation

By Francis Daniel

Reuters

NGAPORE — The members of the Association of Southeast Asian Nations are quietly but steadily building up their military, but they have stopped short of formal military alliance so as to upset their communist neighbors, China and Vietnam. The five ASEAN members — Indonesia, Malaysia, the Philippines, Thailand and Singapore — have more than doubled their military spending since the communist wars in Indochina in 1975. Diplomatic sources say that the have also been working to bolster existing security arrangements with their Western allies, particularly Britain, Australia and the United States.

The security links among the ASEAN partners are bilateral, but they are expanding into a regional work. Minister Lee Kuan Yew of Singapore hinted during a visit to London last month that such an alliance among the five ASEAN members might become inevitable. He said the alliance would be multilateral, encompassing all the members, he said. Vice President Adam Malik of Indonesia, however, said later that a move might create problems and suggested that ASEAN members maintain the present level of military cooperation.

SEAN was formed 15 years ago as an economic, political and cultural alliance, and its leaders say its strength lies in keeping communism at bay by providing 260 million people who live in five countries with political stability and a good standard of living.

he group sees Soviet-backed Vietnam as the main destabilizing force in the region at present, although China, which has historical ties with insurgent movements in the area, remains a potential long-term threat.

China has declared its support for ASEAN, and some Western diplomats say that if it were not

for the influence of Beijing, Hanoi would have been emboldened to move against non-communist Southeast Asian neighbors after its Saigon victory in 1975.

Vietnam's armed forces, beefed up with Soviet military aid officially estimated in Singapore at around \$6 million a day, are numerically superior to those of all the non-communist Southeast Asian countries combined.

The Vietnamese forces, tested through 30 years of conflict, have more than 1 million men under arms, more than 1,500 tanks, 500 combat aircraft and an array of support units, according to the London-based International Institute of Strategic Studies.

Standardization Trend

ASEAN has a total troop strength of about 800,000. Military cooperation among the five mainly constitutes shared intelligence, efforts to standardize command systems and battle procedures, exchange of personnel and joint military exercises.

The five also appear to be moving toward some form of standardization of their weaponry. All their armies use M-16 rifles and all have U.S.-made F-5 fighter planes. Most use A-4 Skyhawk and Hunter-killer aircraft fitted with Sidewinder missiles.

At least four ASEAN navies are equipped with French-made Exocet anti-ship missiles.

4 Thais Are Sentenced For Roles in '77 Plot

United Press International

BANGKOK — Four Thais have received prison terms of up to 60 years for their roles in a 1977 assassination plot against the king and queen of Thailand, officials said Wednesday.

The attempt against King Bhumibol Adulyadej and Queen Sirikit took place during a ceremony in Yala province, bordering Malaysia. The four, who are alleged members of the Muslim separatist Pattani United Liberation Organization, were convicted of plotting two bombs in advance of the royal appearance.

But no government spokesmen for an ASEAN member state would acknowledge the moves toward standardization. Any suggestion that the group is moving toward a 'de facto' military bloc also brings quick denials.

Military spending last year among the five countries totaled \$7.6 billion, a 170-percent increase from 1975.

Vietnamese Contempt

ASEAN planners say that while their countries have raised military spending, they do not want to antagonize Vietnam, which has made no secret of its contempt for ASEAN.

Foreign Minister Nguyen Co Thach of Vietnam said during a recent visit to Singapore that Hanoi would retaliate if ASEAN continued its activities against Vietnamese interests in Cambodia by supporting Cambodian resistance groups.

Vietnam made a brief incursion across the Cambodian border into Thailand last year and keeps many of its 180,000 troops in Cambodia near the Thai border.

This Vietnamese posture and the influence of the Soviet Union in Indochina have made it vital for ASEAN to reinforce its security ties with Western powers, the military planners say.

All the ASEAN countries except Singapore receive U.S. military aid. The United States also has military bases in the Philippines and is committed to Thailand's defense.

Malaysia and Singapore are linked with Britain, Australia and New Zealand in a military cooperation arrangement that mainly provides a regional air umbrella. Australia maintains fighter squadrons in Malaysia and Singapore, while New Zealand has an infantry battalion in Singapore.

The Philippines and Thailand also have a security understanding with Australia, the details of which have not been made public.

"We have increased our contacts with the U.S. and other Western allies," a senior ASEAN military official said. "We will need the extra muscle to maintain the balance of power in the region."



FURRY GIFT — Sachi Suzuki, the wife of Japan's prime minister, inspects Fei Fei, the giant panda at Beijing zoo who will soon be sent to Tokyo as a gift from China to Japan.

Relatives' Visit to Laos Stirs Hope For News on Fate of U.S. Soldiers

By Bob Secor

Los Angeles Times Service

BANGKOK — Anne Hart has had 10 years to steel herself to the loss of her husband, but a few days ago the shock, the grief and pain she seemed to have forgotten came rushing back.

She was in a remote Laotian jungle, knee-deep in mud and sifting through bits and pieces of metal she thinks may be part of the C-130 military aircraft that crashed Dec. 21, 1972, with 16 persons aboard. One of them was her husband, Thomas T. Hart, an air force captain and the plane's navigator.

"You'd think after 10 years that things would be softened somewhat," Mrs. Hart said Monday. "But I think I felt just like I did when that young officer came to my door and told me Tommy was missing. It was all over again like it was in 1972. The tears just welled up. That surprised me."

Mrs. Hart, 38, was one of four relatives of U.S. soldiers missing in action in Indochina who returned to Bangkok this week from an unprecedented two-week tour of Laos and Vietnam, the first time the communist nations had invited such a delegation to search for news of relatives.

The group, all officials of the National League of Families of American Prisoners Missing in

Southeast Asia, did not bring back any bodies or prisoners of war. But, they said, they won pledges from Laotian officials for greater cooperation in future searches for the remains of U.S. servicemen.

Officials in Vientiane also indicated that they might allow American experts into Laos to comb the wreckage of downed U.S. aircraft, according to Ann Griffiths, the executive chairman of the group.

Mrs. Griffiths said that Colonel Khamla Keophithoune, the Laotian official in charge of matters relating to war prisoners and the missing, did not rule out the possibility that, because of communications problems in remote parts of the country, some villagers may not realize the war ended in 1975 and could still be holding American prisoners.

"Colonel Khamla did say that it was certainly possible that in remote areas there may be Americans still held that would be unknown to the central authorities in Vientiane," Mrs. Griffiths said at a press conference. "He said he intended to pass the word and try to communicate to the remote areas and let them know that the Lao government welcomes any information on Americans that could be turned over to the United States."

More than 2,500 U.S. service-

men who fought in Indochina have never been found. All but a handful of those are officially considered dead by the U.S. government, but there have been numerous unsubstantiated reports of Americans still being held in Laos and Vietnam.

The most dramatic moment of the group's mission occurred when the four, accompanied by Laotian officials and a representative of the U.S. Embassy in Vientiane, traveled by helicopter to a remote site in the southern Laotian jungle hoping to find the wreckage of a plane that league records indicated had crashed there with Captain Hart, 32, aboard.

The group had landed in a rice paddy and jumped out of the helicopter into thick mud. A small piece of wreckage sat on the edge of the paddy, but nothing came from the plane was visible.

Suddenly, villagers shyly emerged and led the party down a well-worn path into the jungle past small pieces of metal. There were no wings, engines or other objects readily identifiable as airplane parts, Mrs. Hart said.

No Positive Identification

Eventually, she said, the group found a piece of metal they thought might have come from a propeller, as well as a steel insert to a bolt and two tiny fragments of bone. "I kept hoping that somewhere among these things I would see a serial number," she said. "Something off the top of my head, I positively identified the aircraft."

No such identifying mark was found, but the searchers expressed confidence that a team of experts given access to the site, could turn up evidence relating to the C-130 and its crew.

Such a discovery would help remove that tiny grain of uncertainty that still haunts Mrs. Hart. "I think to myself, 'If he's dead, that's difficult to live with.' But it's not a first for anybody. The thought that he might be alive and held under God-knows-what conditions is even harder to cope with."

"I can remember him coming back from one of these survival schools he went to," she said, "and saying to me, 'God, I hope I never am a POW because I can't stand to go for three days without brushing my teeth.' Knowing the type of person he was, it would be a hell of a fate for him."

11 Children to Leave Vietnam for America

The Associated Press

BANGKOK — Eleven children of American-Vietnamese parentage are scheduled to leave Vietnam on Thursday for reunions with American fathers they have not seen for years, U.S. officials said Wednesday.

It will be the largest such group to leave since the end of the Vietnam War.

The children, accompanied by nine Vietnamese relatives, will fly from Ho Chi Minh City, formerly Saigon, to Bangkok for a stopover of several days before continuing to new homes in the United States,

said Donald Colin of the U.S. Embassy.

The seven girls and four boys, aged 7 to 15, are among 88 Americans in Vietnam who have been documented as U.S. citizens. The U.S. Embassy in Bangkok says it has files on 3,740 Amerasians who "have a burning desire to leave Vietnam now" and guesses that as many as 8,000 may want to leave. Private agencies estimate the total number of Amerasians in Vietnam at 25,000 to 50,000.

Mr. Colin said that one American father, Gary Tanous, of Vancouver, Washington, will fly to Ho Chi Minh City on Thursday with

representatives of seven private U.S. agencies. His daughter Jean Marie, whom he has not seen in 14 years, will be waiting. But all other reunions will take place in the United States, Mr. Colin said.

A large percentage of the children were fathered by U.S. civilians who worked in Vietnam during the war, the U.S. Embassy said. Many of the children live in or around Ho Chi Minh City, some in orphanages and others roaming the streets selling peanuts, candy and movie tickets.

For two years Mr. Tanous has been urging American and Vietnamese officials to help him get his 15-year-old daughter out of Vietnam. Mr. Tanous, formerly a civilian employee in Vietnam, has divorced his Vietnamese wife, who is now living in the United States.

"Letting out these kids is more than a gesture by the Vietnamese. It's a signal," said John A. Shade Jr., director of the Pearl S. Buck Foundation. "I pray to God it's a new beginning."

A number of private American agencies involved in taking the children to the United States, including the Buck Foundation, are hopeful that cooperation between the United States and Vietnam on this issue will lead to better relations between the two countries. The two nations have no diplomatic ties.

In recent months Vietnamese officials have been saying that all Amerasians could leave Vietnam for the United States and have been talking with private American groups about the issue. How-

ever, under current U.S. legislation the vast majority of the Amerasian children are not eligible for acceptance because they are not documented U.S. citizens.

The Hanoi government says there is no official discrimination against American-Vietnamese children. But unofficial acts of racism and discrimination are common, and many are barred from schools and job opportunities, according to mothers of the children.

Mr. Colin said the 11 children would be going to homes in the District of Columbia, Georgia, Texas, Arizona, Oregon, California and Washington. All will be reunited with their fathers except for one child, whose father died and who will be living with his father's family, Mr. Colin said. He declined to identify the children or their fathers by name.

Kabul Regime Is Said to Raid Bazaar

United Press International

NEW DELHI — About 200 civilians were killed or severely wounded when Afghan government helicopters attacked a crowded outdoor bazaar in a town near Kabul with bombs and rockets, Western diplomats said Wednesday.

In retaliation for the Sept. 18 attack at Paghman, nine miles (15 kilometers) north of the capital, Afghan rebels the next day attacked the Soviet Embassy in Kabul with rockets, machine-gun and small-arms fire.

The helicopter assault on the

main Paghman bazaar "was much more severe than originally reported," a diplomat said.

About 200 civilians were killed or severely injured and most of the bazaar shops were destroyed or damaged in the attack, which apparently was retaliation for the high level of resistance activity in the area, he said.

The diplomats, who asked not to be identified, said there were no casualties in the bombing of the government-run radio station. Following the attack on the Soviet Embassy, the area was immediately cordoned off.



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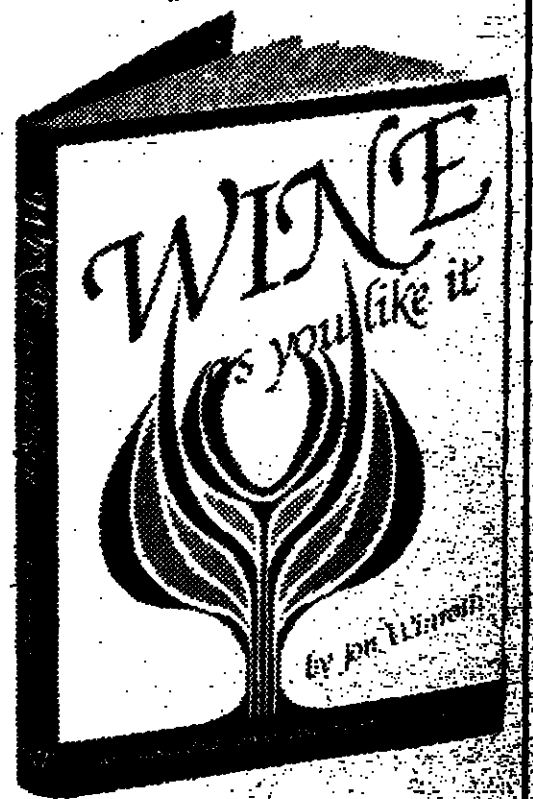
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Britain's Labor Party Endorses Proposal for Nuclear Disarmament

By Peter Onos

Washington Post Service

BLACKPOOL, England — Britain's opposition Labor Party voted overwhelmingly Wednesday to endorse the country's nuclear weapons arsenal if it wins the next election and to reject the deployment of any U.S. nuclear missiles in Britain.

The decision at Labor's annual conference represents a potentially major blow to Western defenses because, unlike other Labor Party resolutions on the issue, this one obliges the party leadership to make anti-nuclear policy a feature of its campaign platform.

Announcement of a majority of more than two-thirds for the resolution was greeted with a standing ovation.

The vote, reflecting a complex system of indirect balloting to represent local party organizations and trade unions, was 4,927,000 in favor of unilateral disarmament and 1,975,000 opposed, a substantial increase over the tally for similar proposals in past years.

The party also voted decisively, as it has done before, not to withdraw from NATO.

But the anti-nuclear policy underscores the chasm that exists between the U.S. administration and the main opposition party in Britain, the only military ally of the United States with a coordinated nuclear strategy.

Differences with the United States extend across the board. Speaking Tuesday, the party's leader, Michael Foot, repeatedly linked his denunciations of Prime Minister Margaret Thatcher with an attack on the policies of President Ronald Reagan, specifically on the economy.

"Reaganism is like Thatcherism and the other way around," he said. "The combination of the two together is what threatens the world on a scale that we have not known for generations."

Through arms sales "fed by the West," he said, Britain and the United States are responsible for some of the worst evils of the Third World.

Western Europe's other nuclear power, France, maintains a nuclear force separate from NATO. The leftist government of President François Mitterrand takes a much stiffer line than the Labor Party on the security issue posed by the Soviet Union and the need for a strong defense.

In Wednesday's disarmament debate, only one speaker, Sir John Boyd of the Electrical Workers Union, specifically mentioned the threat posed to Britain by the Soviet Union's nuclear strength and he was heckled.

Joan Lester, an outgoing member of Labor's National Executive Committee, dismissed the Thatcher government's support for U.S. advocacy of deep cuts in both medium-range and strategic nuclear weapons.

"We are interested in a zero option whereby no nuclear bases in Europe or outside exist," she said, "a true zero option, not Reagan's one-sided cosmetic approach."

In other votes, the conference supported the Palestinian cause, was critical of Israel and elsewhere in the world, backed the Solidarity trade union movement in Poland.

Failure of Albanian Coup Attempt Upsets Exiled King, His Wife Says

United Press International

JOHANNESBURG — The wife of the exiled king of Albania said Wednesday that he was "extremely upset" over the failure of a coup in that country over the weekend but that he had not been actively involved in it.

Queen Susan, who moved with King Leka to Johannesburg from Zimbabwe in 1980, said her husband had told her from Paris on Tuesday about the coup attempt.

Albanian security forces said they had "liquidated" an armed group of émigrés who landed on the Adriatic coast. The landing party, which was said to have carried automatic weapons and "special subversive equipment," was overcome in five hours, the Albanians said.

Asked whether King Leka had been involved in preparations for the coup bid against the regime of President Enver Hoxha, she said: "No, not actively, but he is a nationalist. He was not their leader, but as a nationalist, he was very sad that good men had been killed." King Leka, 43, has said several times in the past 10 years that he is preparing an armed coup against the Tirana regime.

Queen Susan said her husband planned to stay in Paris "for another month."

Spain's Negotiations With NATO Are Slowed by Election Campaign

By Don Cook

Los Angeles Times Service

BRUSSELS — Negotiations to complete the integration of Spain into the military command structure of the North Atlantic Treaty Organization have virtually halted pending the outcome of the Spanish election.

Felipe González, whose Socialist Workers Party seems likely to win a solid plurality, if not an outright majority, in the Cortes, or parliament, has said that he intends to submit the question of Spain's membership in NATO to a national referendum. The general election will be Oct. 28.

Spain formally took its place as the 16th member of the alliance at a special June meeting of NATO heads of government in Bonn. Since then, discussions have been moving slowly on how to set up a NATO military command in Spain and make way for Spanish officers on the staff of supreme headquarters at Mons, Belgium.

Installation of a Socialist Party government in Madrid could also cause problems with the recently signed agreement between the United States and Spain on military assistance and the continued use of Spanish bases by the U.S. Air Force. That agreement is closely tied to Spain's membership in NATO.

Planning Group

For one thing, it does away with a U.S.-Spanish military planning group, whose functions would be taken over by a new NATO command in Spain once it is established.

The Socialists have said that they will want to take a new look at the agreement on bases and possibly take out the references to Spain's NATO membership.

The U.S.-Spanish agreement, signed in Madrid July 2, is being treated in the United States as an executive matter that does not require Senate ratification. The administration has, however, asked Congress for \$433 million in military assistance to Spain in the first year of the five-year arrangement.

Another plan that has been cast into doubt by the election is a decision by Spain to purchase 84 F-18s for about \$21 million each. The Socialists have said they will want to take a close look at this, too.

Mr. González opposed Spain's entry into NATO from the outset. When it was submitted to parliament for approval, he pledged that he would submit the question to a referendum if he came to power.

He is leaving himself some room to maneuver on the issue. Although he continues to insist on a referendum, Mr. González says now that it is not Spain's most urgent problem and that, if he becomes prime minister, he intends to tackle economic questions first.

Further, he expects to form a coalition with center-left political factions and perhaps include some independents in his cabinet. He could therefore wind up bowing to coalition partners and shelving the NATO referendum.

The problem of integrating Spain into the NATO command structure is a complicated one. The Portuguese, who have been in NATO since it was founded in 1949, refuse to allow their territory or their armed forces to come under a Spanish commander. Therefore, a single Iberian command for Spain and Portugal has been ruled out.

The latest plan drawn up by Bernard W. Rogers, a U.S. general who is the supreme allied commander, provides for a Spanish command that would include Spain and extend southwest into the Atlantic to the Canary Islands.

Portugal's naval command at Lisbon would be extended west to include the Azores, which is now part of NATO's Atlantic command in Norfolk, Virginia.

U.S. Differences With Western Allies Emphasized by East German at the UN

Los Angeles Times Service

UNITED NATIONS, New York — East Germany's foreign minister sought Tuesday to isolate the United States from its West European allies in a speech to the General Assembly that emphasized differences over Soviet policy, disarmament and the Middle East.

Oskar Fischer attacked the United States in harsh terms. "Sanctions, boycott and trade war have set the development of international economic relations back dozens of years," he said of U.S. attempts to prevent its allies from

selling Moscow supplies for its Siberian gas pipeline. The U.S. sanctions, challenged by Britain, France, West Germany and Italy, have aroused antagonism between Washington and its partners.

Mr. Fischer also tried to exploit the differences between the United States and some West Europeans over the nuclear freeze movement. He said that while a "majority of states" welcomed the Soviet disavowal of first use of nuclear weapons, the United States was pushing its allies to install new nuclear missiles in Western Europe beginning next year.

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INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post

Israeli Democracy Wins

The people of Israel have broken the resistance of their government to force a full and investigation of its negligence, or worse, permitting the slaughter of defenseless Palestinians in West Beirut. Are there people comparable honor and courage in the world who can appreciate Israel's revolution? Will the Lebanese dare to press a parallel search for the actual killers?

It will be weeks before the Jerusalem inquiry reaches reliable conclusions. But the Israeli people, with their soldiers in the lead, have already rendered one clear judgment: affirming their humanity, they also affirm it of the Palestinians. They have risen in test against the politics of terror that Israel itself has long had to endure. By their use, they shame the killers of their own kind. By their revulsion, they expose the pocrisy of many of their critics.

Even as this inquiry was belatedly organized, Israelis raised ghostly new questions out the massacre. Some now doubt that it is a spontaneous act of Phalangist revenge

for the murder of President-elect Bashir Gemayel. They think the killings were planned in cold blood, to cause the hysterical flight of Palestinians from Lebanon.

The Israelis will soon discover whether their leaders knew about any such barbarous scheme. But will President Amin Gemayel pursue the same truth? Can he restore peace in Lebanon unless he does?

To shrink in horror from the random murder of civilians is not the same as recognizing their political yearnings. Israeli policy has far to go before it truly accommodates the Palestinians' rival nationalism. But no accommodation is possible as long as terror is an accepted means of claiming turf.

Some Israelis had become hard on democracy in recent weeks. They resented having to wage war on television, before a largely hostile world. But now their democracy bids to rescue their honor and their reputation. Would that other peoples of the region could speak with equal force.

—THE NEW YORK TIMES.

A Success for Honduras

Let's hear it for Honduras, which has just staged a terrorist challenge that could have seized scores of business leaders gathered at a meeting. All kinds of leftist slogans and evanescent were voiced, but what the gang set wanted, it turned out, was the release of Alejandro Montenegro. Mr. Montenegro, known as the most successful guerrilla leader in El Salvador, had been apprehended in Honduras in August and sent to a prison. As it happened further, guerrillas got nothing for their pains except an eventual safe passage out of the country (to Cuba) and some publicity.

No prisoners were released, and none of people said to have "disappeared" at the hands of the Honduran military was produced. U.S. Army advisers were not rewed, and Honduras did not quit the "Central American Democratic Community."

Why did the siege end as well as it did, if no national goals sacrificed and no loss life? Two Honduran clerics and a Venezuelan diplomat skillfully drew the guerrillas to a nonstop talks for eight days. The Honduran civilian and military leaderships maintained a consensus on tactics. The public supported the authorities, to the point of stoning the place where the hostages were held so as to keep the gunmen from sleeping. Perhaps people were angry to see Hondurans doing the Salvadoran guerrillas' dirty work.

For Honduras, nonetheless, scant respite is in store. It lacks the gross feudal inequalities that fuel violence elsewhere in Central America, but it is wretchedly poor. Although it has known only isolated terrorist acts so far, the trend is scary. The Sandinistas in Nicaragua use its territory for arms transit to El Salvador, and the Salvadoran guerrillas use it for sanctuary; the Sandinistas also sponsor a certain amount of local violence. The Reagan administration, meanwhile, has used the simplistic anti-communism of the Honduran military leadership to enlist the country in its pressure campaign against Nicaragua.

Honduras, a frail society, is not built to stand the strains that convulse the region. It needs the relief that an easing of tensions among its neighbors — Guatemala, Nicaragua and El Salvador — would surely bring.

—THE WASHINGTON POST.

Other Opinion

agan 'Means to Be Boas'

he dream of America's founding fathers is a land predestined for happiness because of all those sins in which Europe had already wallowed. The fathers' dream continues inspire much of their posterity, people who not resign themselves to seeing evil triumph so easily in the world. There are still Americans who hold that virtue makes money and money makes happiness, and that their business to prove it to the rest of the world. One of the most remarkable characteristics of American society remains basic self-confidence.

Contrary to a widely held view in Europe, there is generally no great admiration for intellectual capacity. Ronald Reagan is not a nonentity. True, he is not a hard ker. And since he doesn't know his facts well, he avoids interviews and has little out to his visitors — aside from baseball horse stories — but obviously memorized ones. However, he means to be the boss, for that to be known. So he goes ahead imposes his ideas now and then, even if, as been known to happen, they are due e to sudden irritation that to serious of the issue at hand. Thus with the tions against the Europeans in connection with the Siberian gas pipeline. This was a decision of his own and one which, despite sure from the allies, Congress and even e of his aides, he stubbornly refuses to re for fear of seeming indecisive.

—André Fontaine in Le Monde.

holders of a Pipeline

specter is haunting Europe today — the ter of slavery imposed by Marx's heirs — would use forced labor to accomplish r own political ends. There's nothing new t slave labor in the Soviet Union. We've rd about it since the 1930s and sometimes the awful fact too lightly. This casual- has been joined recently by new reports people in the Soviet Union are indeed t sent to Siberia and forced to work massive labor projects.

resh reports from individuals and human s and labor organizations in Europe, and the United States say that at least 000 laborers, including political and reus prisoners, are being forced to cut tim- and level land under harsh conditions in aration for the Siberian gas pipeline. names workers reportedly are being im-

ported to the Soviet Union so that Hanoi can reduce the debt it has incurred to Moscow since the end of the Vietnam War.

—The Voice of America (Washington).

Moscow on the Massacre

Neither the Palestinians nor other peoples will ever forget or forgive what the aggressors have done. Retribution is inevitable. If Washington and Tel Aviv hope in this way to impose on the Arabs their terms for settlement, they are deluding themselves completely. The Beirut massacre will only deepen the gap that now divides the Arabs and Israel. Many generations of the Israeli people themselves will in the future have to overcome the consequences of the grave crimes committed today by their government.

—Tass (Moscow).

Embarrassing Grain Wealth

Not only Britain but almost every other significant crop-producing country in the West, including the United States, Canada, France, West Germany and Italy, has experienced a record harvest. Grain is pouring into storage at an unprecedented rate, and much of it will have to stay there until a market can be found. To many people the embarrassment caused by Western grain surpluses must seem paradoxical, even hypocritical, in the light of the acute hunger prevalent in other parts of the world. But Third World countries are constrained by their inability to pay for large-scale food imports, even at heavily subsidized prices. Relief agencies, moreover, have come to dislike free or cut-price food aid because, they say, it discourages indigenous production and encourages governments in Africa, for example, from tackling their own agricultural problems. It is a bizarre comment on the situation that a delegation from the International Wheat Council should now be in China trying to persuade the world's biggest nation to adopt the habit of eating bread. With the world market in grain so far oversupplied, the operation of the European common agricultural policy once more stands condemned.

—The Times (London).

A Princess Mourned

Princess Grace exuded more nobility than those born into it. The heartfelt mass mourning is the greatest tribute to the splendid woman that she was.

—The Hong Kong Standard.

SEPT. 30: FROM OUR PAGES 75 AND 50 YEARS AGO

37: Comfort in Prison

US — Le Figaro, referring to articles in press describing the pleasant, well-cared-for existence in the prison at Geneva of Lucien, who assassinated Empress Elisabeth of Austria-Hungary in 1898, concludes: "Verily, it is believed that would-be criminals will be intimidated, one is very much moved. This is where humanitarianism has led us in penal matters. The guillotine is pressed and a suggestion is made that it be replaced by rigorous imprisonment; then, by persistent and exaggerated anthropic, convicts are given conditions living that would make innocent people out. Prisons are turned into pensioners' as with all the latest improvements."

1932: Japan and Russia

PARIS — Today's editorial reads: "The correspondence between Soviet Russia and Japan reveals that each has contrived to put the other in an embarrassing position. The Soviet Union wants Japan to sign a non-aggression pact, and no reason that Japan can give for not signing it will bear the light of too much publicity. Japan wants Russia to recognize Manchukuo, and while the Soviet Union has reasons for not doing so, they have only to be clearly defined to embarrass Russia in other quarters. There is little doubt that the Japanese military think war with the Soviet Union is inevitable and see every advantage to Japan in having it over with before the industrialization of Siberia goes any farther."

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The Superpowers Meet at a Diplomatic Crossroads

By Flora Lewis

PARIS — Secretary of State George Shultz began talks with his Soviet counterpart, Andrei Gromyko, in New York Tuesday. The meetings come at a crossroads, a time of tensions and choices for both countries, when small steps can fix a fateful direction.

Leonid Brezhnev, reportedly looking fit on television last weekend, is still in charge of the Soviet Union. But although he runs a superpower, he is not superhuman. His debilitating illness has already plunged his country into a muffled struggle for succession. Moscow is full of barely veiled arguments about which way to go in a period of great difficulty.

The biggest Soviet problem, as in the rest of the world but for different reasons, is the economy, and as elsewhere it colors political views. In foreign policy, the central issue is what kind of relations to expect from America on a whole range of problems starting with the prospect for arms agreements or a massive arms race.

Mr. Brezhnev's overture to China for "normalization ... on a basis of common sense, mutual respect and mutual advantage" can be read in that light. Détente, he said, "in no case must be put at the mercy of the narrow-minded, egoistic politicians in the camp of imperialism."

Although Washington sees the Russians as bloated with expansionist designs and achieve-

ments, Moscow is furious with frustration at its demonstrated impotence in the Middle East, worried about détente and whether it can count on East-West trade for development plans, uneasy but baffled with the impasse in Poland and the quagmire in Afghanistan.

Not even the most virulent propagandists crowd about Soviet "successes" these days. Nor is the West being treated to predictions of the "imminent collapse of capitalism" that used to be routine with milder recessions. Moscow is a long way from Nikita Khrushchev's claim a generation ago that "we will bury you" by 1980. The Russians have plenty of missiles, but nothing else looks rosy to them.

All this is surely in the background of the decision to ease the China front. Beyond that, there are signs of a split, without a decision yet on whether to wait out the Reagan administration in hope of restoring détente with Washington or to push harder to pry Western Europe away from the United States.

These essentially tactical arguments cover a deeper strategic quandary. Enough has seeped out to show that the Soviet regime is embarked on a curious replay of the traditional Russian dilemma. In previous centuries, it was called

the struggle between Westernizers and Slavophiles. The question was whether Russia should seek to modernize by opening more to the West and trying to absorb its techniques, or to barricade the "Russian soul" against decadent, nefarious outside influences.

It is a nationalist question that long predates communism, itself a Western idea, and has little to do with ideology. Alexander Solzhenitsyn, for example, an incisive critic of all that is Soviet, is a Slavophile who advocates return to mystic Russian roots.

American analysts, struck by the renewed intensity of the old argument, differ on where to place what remains of primarily Marxist-motivated members of the Soviet hierarchy. A meticulous, detailed study by Philip Stewart of the University of Ohio shows them siding with the Slavophiles against accommodation with the West. Some others think that the ideological hard-liners tend to back Westernizers so as to sustain communism's global ambitions.

There are solid grounds to consider it a serious mistake for the United States to suppose that victory of the Slavophiles would mean Soviet retrenchment and reduced danger of East-West conflict. That is the view of some impor-

ant members of the Reagan administration, and it is an undercurrent of their policy moves to cut exchanges of people and goods. The Russians, turned back upon themselves, are likely to be more, not less, difficult and dangerous. Stalinism was an example.

Relentless destruction of the minuscule dissident movement after the Helsinki accords was a typical Soviet reaction to difficulty — play it tough. The more Moscow feels trapped, even by its own mistakes, the nastier it can get.

Certainly there is no reason for the United States to rescue the Kremlin, but the United States has a crucial stake in the outcome of its quandary. To have any degree of influence, America must know which way it hopes Moscow will go. That requires a medium-term as well as a long-term U.S. policy on managing relations with the Russians.

Mr. Gromyko is looking for hints from Mr. Shultz, which would be bound to be used in the Kremlin debate. Mr. Reagan's toughness has made its point. The time has come to cash in by suggesting that relations can be improved by diplomacy. The choice is not between a compliant or a hostile Kremlin. It is between an embattled, brooding superpower or one that sees benefit in compromise.

The New York Times.

The Signposts That Call for Mutual Freeze

By Hans A. Bethe and Franklin A. Long

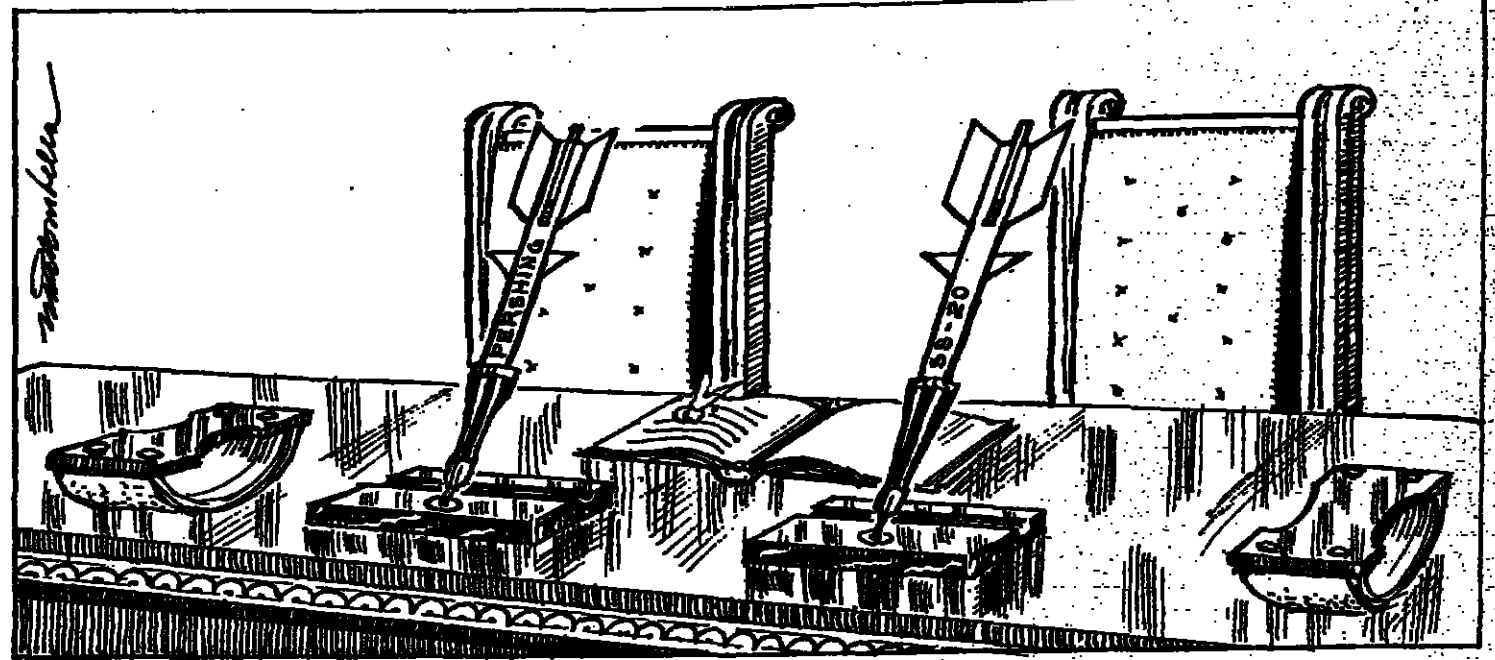
ITHACA, New York — The rapid increase in American public support for a nuclear freeze agreement — that is, a mutual freeze on the testing, production and further deployment of nuclear weapons — has been a remarkable political phenomenon. In less than a year, support has grown from a few volunteers collecting signatures on petitions to a congressional vote in which supporters of a freeze were nearly prevailed. This fall, eight states and the District of Columbia will vote in freeze referendums. Already Wisconsin voters have overwhelmingly voted yes in such a referendum.

There are many reasons for this strong support for a freeze, including fear of nuclear war, resistance to high levels of military spending and opposition to particular military policies of the Reagan administration. But for most supporters, the chief purpose of a freeze is simple: It is to help stop an immense, continuing, dangerous and incredibly costly arms race between the two superpowers.

The Reagan administration opposes a prompt freeze. Its members offer a variety of arguments why a freeze is a bad idea. Most of these arguments lack validity.

One argument that spokesmen offer is that a freeze would leave no incentives for Russia to stop the arms race. But strong incentives to stop it already exist in both countries. The Soviet Union shares with America an unbalanced economy caused by immense expenditures for military systems. A freeze permitting large decreases in military spending would be of great help to the economies of both countries.

Another argument is that America would be "behind" the Soviet Union if a freeze were agreed upon. This is highly debatable. Even the more pessimistic U.S. military leaders agree



that there exists an approximate nuclear parity and a situation of strong mutual deterrence.

The Reagan administration complains that in the 1970s the Russians built up their nuclear arsenal relentlessly while America stood still. In fact, the number of warheads in the U.S. strategic forces increased from about 4,000 in 1970 to 10,000 in 1980, while the Soviet Union's increased from about 1,800 to 6,000 in 1980 and 8,000 in 1982. The Soviet buildup followed America's by about five years. The best way to stop still further buildups is a freeze followed by negotiated, substantial arms reductions.

One administration spokesman bases some of his arguments against a freeze on a proposition with which we agree — namely, that nuclear weapons "are good if they promote stability and contribute to deterrence of war, and bad if they diminish stability and weaken deterrence." But then he argues in favor of all components of the administration's nuclear arms buildup, whether they lead to stability or not.

Consider two new American delivery systems: the proposed intercontinental ballistic

missile called the MX, and the planned deployment of highly accurate cruise missiles on submarines. Both weapons, if deployed, will be seriously destabilizing. All plausible arrangements for basing the MX will leave it vulnerable to Soviet attack; moreover, the threat to Soviet ICBMs from the high accuracy of the MX is an added reason for the Russians to launch a nuclear first strike with their own ICBMs. The submarine-launched cruise missile will be destabilizing because of the serious difficulty, when seeking arms control agreements, in verifying the numbers that are deployed.

It will take statesmanship and a mutual desire for peace to negotiate a freeze. Either country can obstruct the negotiations by unrealistic conditions or by demands for excessively intrusive verification procedures. But verification need not be a severe problem, since both countries have substantial national technical means for verification. Furthermore, it is clearly easier to verify zero activity — that is, no testing, no production, no deployment of new systems — than to verify quotas or restrictions.

The larger goal for Washington and Moscow is to obtain some measure of political reconciliation, based on a mutual understanding that neither party benefits from the current costly and dangerous confrontation.

Arms control agreements will still be needed to reduce the world's arsenals of nuclear weapons. The strategic arms reduction talks (START) and the negotiations on reductions in intermediate-range nuclear forces should continue. Both sides still need other political agreements and confidence-building measures. And both powers must work to decrease greatly the threat of major war in Europe.

But for all these aims, a mutually agreed nuclear freeze would be an important first step, a clear signal for new directions.

Hans A. Bethe, Nobel Prize winner in physics in 1967, is professor emeritus of physics at Cornell University. Franklin A. Long, professor emeritus of science and society there, was assistant director of the U.S. Arms Control and Disarmament Agency in 1962 and 1963.

Economic Realism Is Displacing Magic in American Politics

By Joseph Kraft

WASHINGTON — Economic recovery may not be visible, but economic realism is enjoying a rebirth. Except for the president, administration officials are more and more conceding that inflation cannot be licked without a cost in jobs.

The Democrats are inching away from their conceit that full employment demands only good intentions. While a rational debate about taxes and spending may be too much to expect, America at least stands to escape from the search for magic cures.

The voice of realism was sounded inside the administration last week by the new chairman of the president's Council of Economic Advisers, Prof. Martin Feldstein. In his confirmation hearings he described as "decisively proven wrong" the supply-side notion that huge tax cuts would unleash enough economic activity to wipe out inflation, budget deficits and unemployment all at once.

The present high rate of unemployment (9.8 percent) was linked by Mr. Feldstein to cutting inflation to its present low rate (3.5 percent). He said that the economy "seems about to recover," but added that it would be necessary to reduce budget deficits. He expected unemployment to hang around 7 percent. As to cutting deficits, he favored reductions in social expenditures before pruning defense or raising taxes.

The new boy in town was not just popping off. Mr. Feldstein has been attending meetings of the Cabinet Committee on Economic Policy. The committee has been wrestling with the 1984 budget, which the president has to present to Congress in January.

There has taken place a distinct retreat from the optimistic figures once projected for economic growth. The 5-percent growth envisaged by the president last January is now down to about 3.5 percent. Moreover it is not just David Stockman of the Office of Management and Budget and Malcolm Baldrige, the secretary of commerce, who see slow growth ahead. The Treasury numbers, which used to be up, are down, too.

Mr. Reagan, to be sure, continues to sound as if there can be disinflation without tears. The other day he denounced as "cynical demagoguery" Democratic charges that the administration attacked inflation on the backs of the unemployed.

The president can have his way within the administration if he insists. But increasingly the word is out that Mr. Reagan follows events erratically. Those around him are more and more tempted to bend policies they do not support. One official, asked whether Mr. Reagan was not a pretty important factor in the economic policy of the administration, replied blithely, "Only if he gets mad."

On the Democratic side, the belief in throwing government programs at problems still predominates. Witness a billion-dollar jobs program that Speaker Tip O'Neill has rushed through the House. But just beneath the leadership there is a different viewpoint, which found muddy expression the week before last in a manifesto put out by a group of younger House Democrats.

The manifesto was called "Re-

building the Road to Opportunity — A Democratic Direction for the 1980s." Its chief authors were congressmen elected in the last decade from suburbs and smaller cities and known for their emphasis on technology. Some of the more prominent names are James Joule of Tulsa, Okla.; Richard Gephardt of St. Louis, Missouri; Les Aspin of Kaukauna, Wisconsin; Martin Frost of Fort Worth, Texas, and Tony Coelho of Fresno, California.

Their economic program emphasized a need to compete abroad for

new markets in industries such as computers, aerospace and data management. They spoke of investment, not spending programs; they urged smaller budget deficits, limited at new taxes. They did not even mention the once sacrosanct goal of 4-percent unemployment. One said privately: "We're for the growth of national income, not its redistribution from rich to poor. If we had our way we wouldn't support the jobs bill."

If nothing else, the forces working for realism narrow the range of choice. Important groups in both parties want to hold down inflation and promote solid economic growth. They are committed to trimming deficits. But where Republican realists favor cutting social programs, the Democratic realists prefer raising new taxes and making cuts in defense.

Politics, in an election year, rules out sharp definitions and pure confrontation between the parties. But at least some limits are being set. The damper is down on the last-minute approach — search for cure by hocus-pocus, voodoo and other charms. The quacks, having had their day, are now being forced out.

Los Angeles Times Syndicate.

The Reaganomics Show Never Ran

By Ed Crane

WASHINGTON — Reaganomics has not failed. Reaganomics was simply a fiction transmitted with unthinking innocence by America's media. And that's show biz.

Ronald Reagan can make otherwise intelligent people believe he is going to reduce the size of government. Americans are suckers for a good story, and very few people can spin a tale the way this former-actor-turned-president can.

This is not the most ideological administration in generations, as the media porney it. This is a non-ideological administration. The mass exodus of those even mildly ideological in the administration before midterm should be evidence enough.

Mr. Reagan's record as governor of California only confirms what we see today in his presidency. His stirring campaign speeches called for reducing the burden on California's taxpayers, but were matched by eight years of the most rapid growth (in real terms) of government spending and taxes in the state's history.

It is precisely because the president is not sincerely committed to any set of political principles that his performance as president will parallel his performance as governor.

When you are a chief executive of a government and you are more interested in doing a "good" job than in defining what the objectives of the job are, you surround yourself — as Mr. Reagan does — with "competent" and "experienced" administrative aides. In a commercial business, this makes sense. The federal government, however, is not a business.

The government is an expression of the political philosophy of the people.

Reagan the politician uses ideology as a vehicle for returning to center stage. He does not and here is where many observers go wrong — use his acting ability to advance a deeply imbued ideology.

That the myth of Ronald Reagan the ideologue persists is a tribute to his speech-making ability. He has latched on to a script that plays in Peoria. The rub is, he doesn't mean it. He is actually quite like most politicians: because it is there. When you hear him give a speech on the stump, it may be hard to believe that he isn't committed to what he is saying, but the plain truth is that he isn't.

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And the Reagan campaign rhetoric that the people endorsed — saber rattling aside — was to reduce the size and power of government. Yet the campaign pledge to abolish the departments of education and energy turns out to be nothing more than a reshuffling and renaming exercise. A commitment to free enterprise is actually a commitment to protectionism and business subsidies. Balancing the budget is a popular idea that manifests itself as the largest deficit ever. And the greatest tax cut in American history becomes the greatest tax increase in history.

It is now 1982 and taxes are not lower. Federal spending is at an all-time high, and government continues on its middle-class way, regulating everything from natural gas to marijuana use. The irony here is that the American media have been so captivated by the form of Ronald Reagan's performance that they have overlooked its lack of substance.

Reaganomics has not been a failure. Reaganomics isn't.

The writer is president of the Cato Institute, a conservative policy think tank in Washington.

LETTER

La Difference

Regarding "Piaf — A Bland Film About a Disorderly Life" (HT, Sept. 1): In his comments on the film "Piaf: The Early Years," in which some songs are the original Piaf recordings and some are sung by Betty Mars, Vincent Canby adds a new dimension to the expression "dumb and dumb" when he writes: "It may be some sort of comment on the Piaf voice that it's virtually impossible to tell which songs in the film are which. Piaf's personality might have been unique, but perhaps her art wasn't."

Vincent Canby's definitely is.

MICHEL MARCHELLE



"It's outrageous what's going on in Lebanon!"

دکتران ملکی

Wallace Wins Runoff With Black Support

By Howell Raines

MONTEGOMERY, Alabama — George C. Wallace won the Democratic nomination for governor Tuesday in a close runoff that hinged on his ability to attract black voters, whom he had shunned in earlier campaigns.

With 99.3 percent of the 4,144 precincts reporting, former Governor Wallace had 505,243 votes, or 51 percent, to 486,223 votes, or 49 percent, for Lieutenant Governor George McMillan.

In the primary three weeks ago, rural blacks provided many of the votes that enabled Mr. Wallace to lead Mr. McMillan by 42 percent to 29 percent. Mr. McMillan, 38, campaigned as a "New South progressive."

Mr. Wallace, who at 63 is seeking to become the state's first four-term governor, will face Mayor Emory Folmar of Montgomery, the Republican nominee, in the Nov. 2 election.

Rural Support

The incumbent governor, Fob James, a Democrat, did not seek re-election. Despite the efforts of Governor James and prominent civil rights leaders to help Mr. McMillan, Mr. Wallace received as much as 40 percent of the black vote in some counties in the Sept. 7 primary. A strong rural-urban split was evident in the primary and in the runoff.

Mr. Wallace, who was governor

from 1963 to 1966 and from 1971 to 1979, ran well Tuesday in his traditional strongholds of white areas of rural Alabama, carrying four times as many counties as Mr. McMillan.

Moreover, Mr. Wallace held his own in the predominantly black counties of the old plantation section in central Alabama, despite the efforts of black leaders to remind minority voters of his "segregation forever" motto of two decades ago.

Mr. Wallace and Mr. McMillan closed their runoff campaigns on harsh notes that indicated the divisions their contest has created among Alabama voters.

At a rally intended to recall the populist fervor of his presidential campaigns, Mr. Wallace, joined by Tammy Wynette, the country singer, told a crowd of 2,000 people Monday night that the campaign was a battle between the little people and the wealthy.

"We are fighting Republicans, the special interests, the large newspapers," Mr. Wallace said. He warned his supporters that some Republicans would turn out for Mr. McMillan in the belief that he would be easier for Mr. Folmar, the Republican nominee, to defeat in the general election.

Where Wallace supporters once aimed such talk mainly at white wage earners, this year they asked for the support of "the average man and woman, black and white."



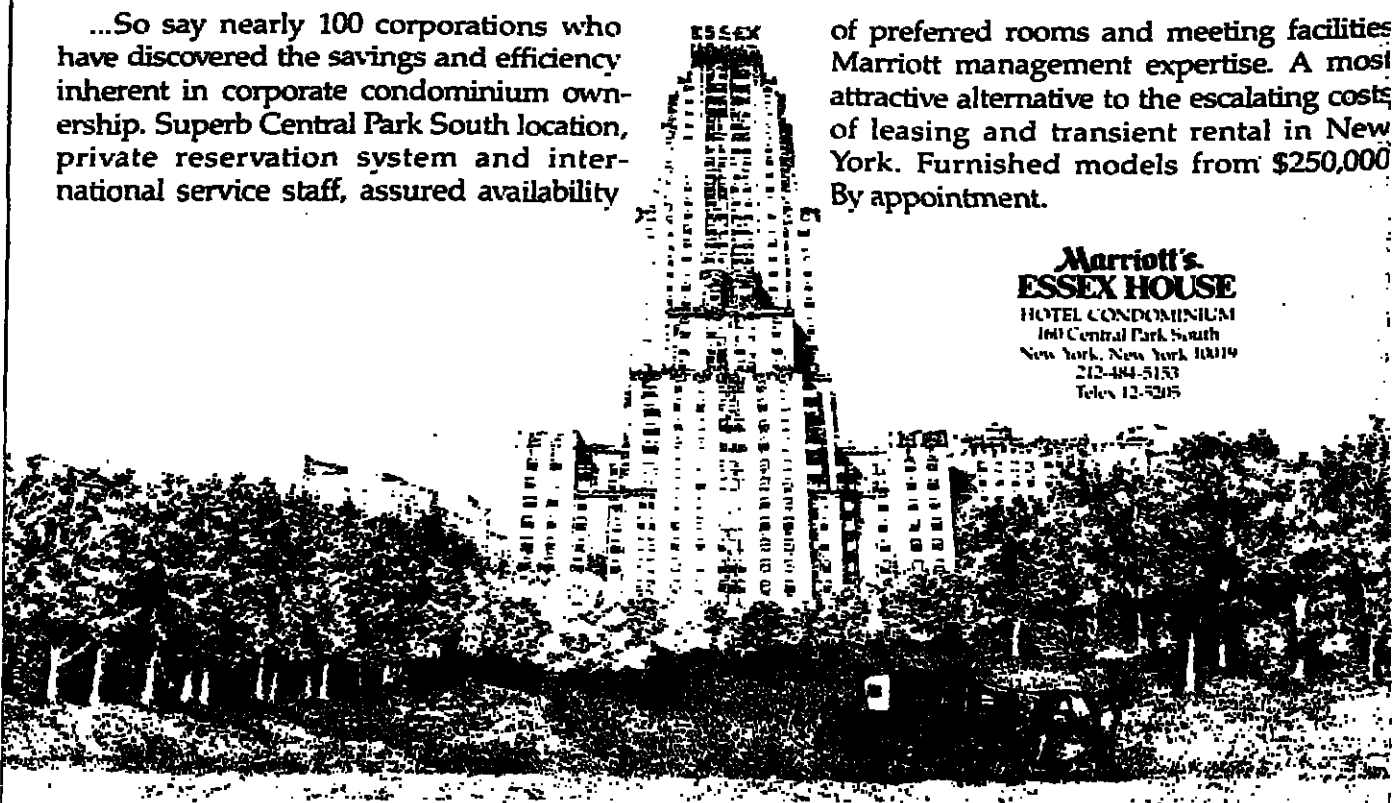
SYMBOL OF ADMIRATION — A young woman offers Pope John Paul II a flower during Wednesday's general audience in St. Peter's Square at the Vatican and then bows to kiss his vestment as the pontiff caresses her head.

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Pei Wenzhong Is Dead; Discovered Peking Man

Los Angeles Times Service

BEIJING — Pei Wenzhong, 79, the Chinese archaeologist who found the skull of Peking Man in 1929, providing the first solid evidence of modern man's evolution from the apes, died Sept. 18.

Mr. Pei's discovery still ranks among the foremost in the study of man's origins. He made later contributions to Chinese science, including leadership of subsequent searches for evidence of the origins of early man.

At his death, Mr. Pei was a leading researcher at the Chinese Academy of Science's Institute of Vertebrate Paleontology and Paleoanthropology, according to the Chinese news agency Xinhua. His burial Tuesday in Babaoshan Cemetery, the resting place of the country's greatest leaders, attested to his political status.

Modern Man's Predecessor

Mr. Pei's discovery of the skull of Peking Man in the muck of the floor of a cave 30 miles (48 kilometers) southwest of Peking helped establish the place of Homo erectus Pekinensis as the predecessor of modern man 200,000 to 600,000 years ago. The skull itself was estimated at 500,000 years old.

Most of the Peking man fossils collected on Chicken Bone Hill over two decades of research by Chinese, U.S. and European researchers before World War II were lost during the war. China still blames "some Americans," who had removed them from China for safekeeping. Mr. Pei often lamented that the study of human evolution was significantly set back as a result.

More fossils, including another skull, teeth, part of a jawbone and other fragments, were later found at the site, but Mr. Pei felt that none could replace those that had been lost.

Full Significance

"We knew what we had found in the 1920s and [that it] was terribly important, but the full significance would have been clear only in later years when the techniques of science caught up with our discoveries," Mr. Pei said at a conference on the 50th anniversary of his discovery.

Mr. Pei, who studied first at Peking University and later at the University of Paris, directed a number of major excavations in China in the 1930s and 1960s. Like other paleoanthropologists, he fell into political disfavor during the Cultural Revolution from 1966 to 1976 and was able to resume his work only a few years ago.

Paul Kollsman

LOS ANGELES (NYT) — Paul Kollsman, 82, an aeronautical engineer whose invention of the altimeter in the late 1920s helped revolutionize aviation, died Sunday.

Mr. Kollsman had hundreds of

patents to his credit, but the altimeter, which measures and registers the altitude of an aircraft, was considered his outstanding contribution to aviation science. In the view of some authorities, it was one of the milestones in the advance of piloted aircraft after the Wright Brothers' flight in 1903.

The Kollsman altimeter, which translated barometric pressure into feet, made its official debut at Mitchell Field, New York, on Sept. 24, 1929, when James H. Doolittle, then an Army lieutenant, made a 15-mile flight guided only by instruments.

Mr. Kollsman was a native of Germany, where he studied science and engineering, and went to the United States in 1923. He joined the Pioneer Instrument Co. in New York and in 1928 founded his own firm, the Kollsman Instrument Co.

Norman Armour

NEW YORK (NYT) — Norman Armour, 94, a career Foreign Service officer who served as minister or ambassador to a dozen countries and as assistant secretary of state for political affairs, died here Monday.

As ambassador to Haiti in the 1930s, Mr. Armour arranged the withdrawal of the U.S. marines that had been stationed there for almost two decades.

In a 1976 interview, Mr. Armour said that "of all the memorable events in my career, I think that on balance I could say that I'm proudest of something I did after I retired."

He was referring to an open letter that he and four other retired diplomats, including Joseph C. Grew, a former ambassador to Moscow, wrote in 1954 protesting Senator Joseph R. McCarthy's attacks on the Foreign Service.

In their letter, which was widely publicized, the former diplomats wrote: "The conclusion has become inescapable that a Foreign Service officer who reports on persons and events to the very best of his ability and who makes recommendations which at the time he conscientiously believes to be in the interest of the United States may subsequently find his loyalty and patriotism challenged and may even be forced out of the service and discredited forever."

Other deaths

Jimmy Wakely, 68, who as the "Singing Cowboy" made 71 western films, Thursday in Los Angeles, of heart failure.

Samuel C. Jackson, 53, a supporter of civil rights and minority causes who served in housing and civil rights posts in the Johnson, Nixon and Reagan administrations, Monday of cancer.

Franco Calamandrei, 65, Communist vice chairman of the Italian Senate's foreign affairs committee, Sunday in Rome, following a heart attack.

Nazi Intelligence Officials Worked With U.S., 1947 Testimony Reveals

United Press International

WASHINGTON — Hitler's senior intelligence officials worked with U.S. intelligence during World War II, according to a transcript that has been made available of secret testimony by Allen Dulles before a congressional committee in 1947.

The Nazi officials provided information about Germany's missile program that led to the allied bombing of the bases from which the Germans launched rockets against Britain, Mr. Dulles told the committee.

Mr. Dulles testified June 27, 1947, at a hearing by the House Committee on Expenditures in the Executive Departments that laid the basis for establishment later that year of the Central Intelligence Agency. Mr. Dulles became the agency's director. The House Government Operations Committee, successor to the expenditures committee, voted unanimously Tuesday to release the transcript. Mr. Dulles identified in the

transcript as "Mr. B." was a key figure during World War II in the Office of Strategic Services, the predecessor to the CIA.

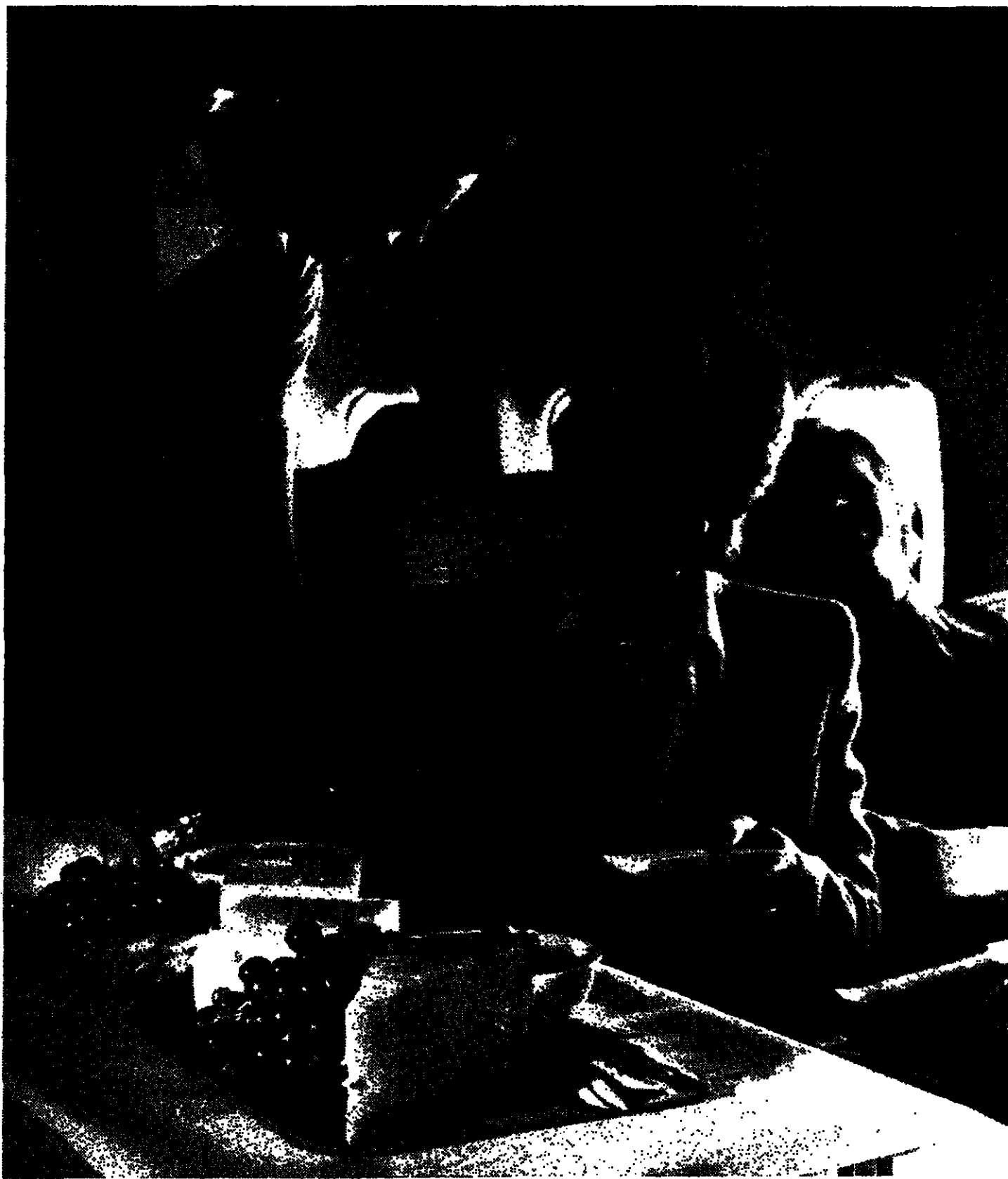
Mr. Dulles said that about 10 percent of the Abwehr, the German intelligence agency operating under the joint chiefs of staff, had turned against Hitler because they were "disgusted with Hitler's tactics" and opposed his "treatment of the Russians."

While he was OSS chief operating out of Switzerland, Mr. Dulles said, senior German counterintelligence officials including Admiral Wilhelm Canaris, who headed the Abwehr, and his deputy were in direct touch with him.

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SCIENCE / TECHNOLOGY

Hidden Story Behind Insulin

by Lawrence K. Altman

New York Times Service

ONTARIO — The discovery of insulin at the University of Toronto 60 years ago ranks with greatest moments in the history of medicine. For the first time, diabetics and women, many of whom were then doomed to a painful and deathly wait for a cure, were offered a treatment that restored them, sometimes in a few weeks, to health. The detailed, accurate account of events that led to so astonishing a leap forward in the treatment of disease has never appeared. The relevant documents were redacted; others were suppressed by the University of Toronto to avoid embarrassment to surviving researchers. But with the death of last principal in 1978, research into insulin without impediment, J.B. Collip, a historian at the University of Toronto, has now pieced the story together from parables, published and unpublished, and by delving into the prize archives at the Karolinska Institute in Stockholm.

Feuding and Bickering
Professor Bliss's account, "The Discovery of Insulin," being published this month in Canada by J.B. Collip and Stewart, and next in the United States by the University of Chicago Press, shows all dimensions of the feuding, bickering, the jockeying for position and reward, the personal rivalries and weaknesses, as well as the efforts of the all-too-human researchers whose achievement did much for so many. As J.B. Collip, one of the two men who shared the Nobel Prize for the discovery of insulin in 1923, said: "If every very entailed as much squabbling, over priority, etc., as this one at will put the job of trying to do them out of fashion."

The public who read the papers in the 1920s, and to successors who learned the story from Paul De Kruif's book, "Against Death" or other popular accounts, the discovery of insulin was made in just one summing-up of 1921, by two inexperienced scientists, Frederick Banting, a 30-year-old surgeon who understood the critical puzzle of insulin, an inspired idea he conceived upon falling asleep, and Leonard Best, a 22-year-old college graduate who had not yet entered college school and who did the laboratory work. The first patient successfully treated was Leonard Thompson, in January 1922.

The Nobel Prize for physiology or medicine in 1923 went to Banting and Professor Macleod, head of the physiology department who had given Dr. Banting laboratory space. Professor Macleod had spent the summer of vacationing in his native

Scotland and returned, the story goes, to find that his assistants had discovered insulin. The Nobel award to Professor Macleod, therefore, was so surprising and controversial that Dr. Banting divided his half of the money with Mr. Best. Macleod's riposte was to share his half with J.B. Collip, a young biochemistry professor who joined the team in December 1921.

The real story was much more complex — and perhaps less in-

How the Body Produces Insulin

Cells in the pancreas build insulin in a series of steps. In the cell's protein factories, the ribosomes, long chains of amino acids are assembled to form polypeptides. Excess amino acids are then stripped away in succeeding stages.

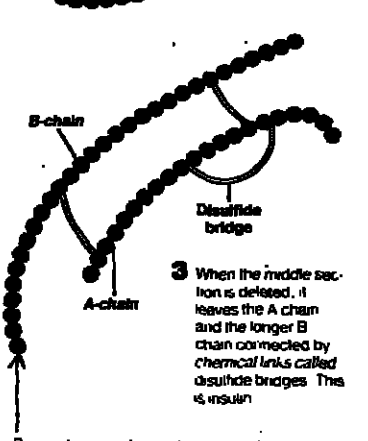
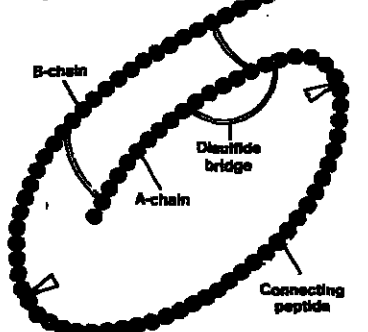
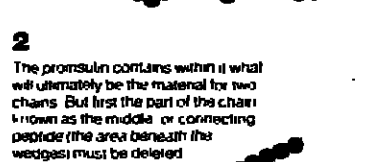
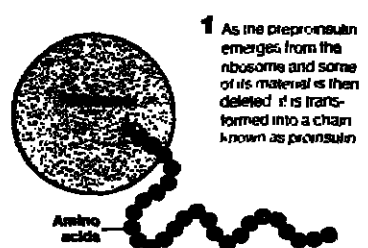


Fig. 1 is a close to human insulin that it can be transformed into it by replacing just the final amino acid in the B chain. This amino acid, alanine in the pig, is replaced by threonine to make it human insulin. Thus pig insulin is viewed as potentially practical source of insulin for human diabetics.

spired. As many as 400 researchers had tried to find what Dr. Banting and Mr. Best sought. It had been known for decades that if the pancreas was removed from experimental animals, diabetes ensued. However, the duct that carried the pancreatic secretions off to the body could be severed, but there would be no diabetes. In fact, the whole pancreas could be transplanted within the animal, and if only a small part of the pancreas was retained — just under the skin, say — there would be no diabetes. Later it was realized that structures in the pancreas called the islets of Langerhans were involved, and that their secretion, if any, must pass directly into the blood instead of through the pancreatic duct.

According to Dr. Banting's later account, he was trying to read himself to sleep with a medical article about the pancreas on Oct. 30, 1920, but he was kept awake by worries over debts. An idea, prompted by the article, came to him and he jotted it down. He would tie off the pancreatic ducts of dogs, wait for the gland to degenerate from disuse, then make an extract of the remaining tissue.

But according to Professor Bliss, Dr. Banting, who had never treated a diabetic, was "astonishingly vague" in recalling exactly what his research proposal to Professor Macleod had been. Dr. Banting at first apparently sought his discovery through transplant surgery. After tying off the duct and waiting for the gland to wither away, leaving the islet cells, he originally planned to transplant the islet cells into dogs whose pancreases had been removed. He abandoned that plan and made extracts of degenerated pancreases instead.

Nor was Dr. Banting so single-minded in his pursuit of insulin as he has been portrayed. During the spring of 1921, Professor Bliss says, instead of waiting with "gnawing impatience and mounting eagerness" to start searching for the internal secretion of the pancreas, he was waiting for a reply to his application for a job as a doctor to an oil expedition. As it turned out, no one was hired.

Professor Bliss reconstructed the research, day by day, experiment by experiment. Dr. Banting and Mr. Best's experiments on dogs in the summer of 1921 were a crucial part of the process, but other breakthroughs came in December 1921 and January 1922, particularly when Professor Collip learned how to purify the pancreas extract.

Professor Macleod, too, deserved much credit. "On their own, Banting and Best were not experienced and knowledgeable enough to have carried their work through to a successful conclusion," Professor Bliss says. "They badly needed Macleod's advice."



More credit is due to J.J.R. Macleod (left) and J.B. Collip.

Professor Bliss dispels the notion that Professor Macleod set Dr. Banting and Mr. Best to work and then left town for his holidays. Professor Macleod had worked for a month before he left, had gone through the technical problems with Dr. Banting and Mr. Best, had given fairly explicit parting instructions and corresponded through the summer.

Additional Experiments

By the time of Professor Macleod's return from vacation on Sept. 21, 1921, Dr. Banting and Mr. Best had found that injections of the pancreas extract into the veins of diabetic dogs sometimes worked spectacularly. However, the cautious Professor Macleod insisted on additional experiments to exclude the possibility that the effects attributed to insulin were actually a result of some other factor.

A few days later, Dr. Banting, whom Mr. Best described as "frothing at the mouth," threatened to take his research to the Mayo Clinic or Rockefeller Institute if he did not get assistance with money and manpower. According to accounts written much later, Professor Macleod refused at first, then apparently relented.

The pace of the research quickened. Professor Macleod had become the quarterback of the team, turning the entire laboratory over to the search for insulin. It was clear that the two young investigators needed help. Dr. Banting asked for it. Professor Collip, the biochemist, wanted to participate. But Mr. Best opposed it, as he later said, "for obvious and selfish reasons." However, Dr. Banting persuaded Mr. Best to relent.

The researchers' first report was given at a meeting of the American Physiological Society in New Haven in December 1921. Dr. Banting, a poor speaker, stumbled. Professor Macleod came to his rescue. But Dr. Banting thought Professor Macleod was stealing credit by speaking in the first person plural. They quarreled again.

Once the team was satisfied that it had found something that effec-

tively lowered the blood sugar of diabetic animals, the problem was to purify it for human use and Professor Collip was assigned to develop the purification technique.

By late January 1922, Professor Collip had found it. But with Professor Macleod's approval he refused to share it with Dr. Banting and Mr. Best. Dr. Banting, obsessed with fears that Professor Macleod and Professor Collip were taking over the project and would deny him the credit, grabbed Professor Collip, a much smaller man, according to Mr. Best, "Collip was fortunate not to be seriously hurt."

The first human trial was done in December 1921, not on Leonard Thompson but on Dr. Joseph Gilchrist. It failed, because the dose was given by mouth. At the time, Dr. Banting had no reason to know that insulin was ineffective when swallowed.

After the Thompson success in January 1922, Professor Collip, a laboratory wizard with an instinctive skill at freehand chemistry, incredibly found he could no longer make the extract. With the supply soon exhausted, at least one patient died. Dr. Banting, close to despair, his engagement on the brink of dissolution, drank himself to sleep every night; his attendance at the laboratory began to fall off. By mid-May, however, the Toronto team had reclaimed the secret.

To Professor Bliss, credit for the discovery is due to the four men and some of their collaborators. Yet he believes that the Nobel Committee's decision to award the prize to Dr. Banting and Professor Macleod among the 57 nominees that year was justified. (Files of the Nobel committees are open to scholars 50 years after the award, and no more than three individuals may share an award.) The two men were honored primarily on the recommendation of August Krogh, a Danish Nobel laureate.

In the final analysis, Professor Bliss says, "I don't see how anyone can say anymore that Banting and Best alone discovered insulin."

Children: The Toll of Teasing

By Elizabeth Mehren

WASHINGTON — An 8-year-old boy in Cleveland turned in this theme paper not long ago: "I hate D.J. He calls me 'nerd' and then runs away."

His teacher was hardly sympathetic. "Too bad," she responded, grading the boy accordingly, "you didn't pick a better topic."

In fact, said Dr. Jane Kessler, a child psychologist, the boy was dealing with a topic that affects nearly everyone at one time or another; a subject, she said, "that everyone seems to know of" — but no one seems to know much about: teasing.

Dr. Kessler discovered, and duly reported at a meeting of the American Psychological Association here, that teasing "is a phenomenon that has been almost totally neglected in the literature" of the profession.

Like teacher, most psychologists acknowledge the existence of teasing, and after that "they tend to express ambivalence." Those who were not entirely ambivalent, Dr. Kessler found, tended to write teasing off as "a natural part of childhood" — something that actually helps reduce tension and, in the parlance of the trade, "helps with desensitization."

Yearlong Study
But Dr. Kessler was intrigued. Author of "The Psychopathology of Childhood" and a professor of psychology at Case Western University, she embarked upon a year-long study of childhood teasing.

Focusing on a group of elementary-school-age children, she asked them, for one thing, to define and describe the process of teasing.

John, 7: "Teasing means funny. You tease someone and they laugh, like when you say naah-naah-naah, your underpants are showing."

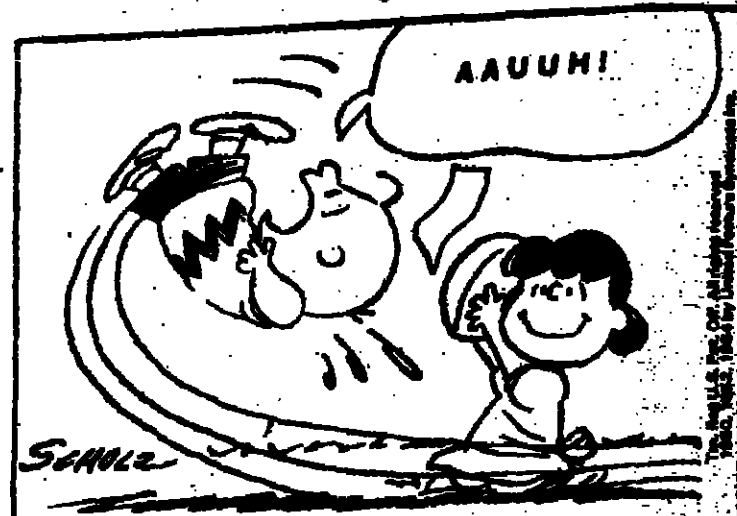
"Teasing means hurting someone's feelings," offered Brian, 8, "and it's not very nice. You just do it when you want to hurt someone's feelings."

Said Scott, 8: "Teasing is not nice. I just say, 'Go away.'"

What Dr. Kessler herself quickly learned was that "clearly, teasing has different meanings in different social contexts." But a constant quality, she said, was the "small but persistent nature of the event," the kind of psychological napping that seems "linked to humor, with the intention to amuse."

From humorous, and not especially mean, to aggressive and downright sadistic, she said, teasing has evolved a kind of scale of acceptability. "You have, on the one end, bantering, kidding, ribbing," she said, "graduating down to badgering and tormenting."

Teasing, she said, must be viewed "from two sides: the degree



Lucy, the quintessential tease of "Peanuts," does her annual number on trusting Charlie Brown, leaving him sadder but not wiser.

of intent of the teaser, and the perception of the one teased."

Sometimes teasing is competitive, "a linguistic test, for fun or for viciousness" — sometimes for both. Sometimes it is a tool: "It can reduce boredom, and make the person who is doing the teasing feel more powerful."

Teasing is so ingrained in most cultures that it sometimes takes on ritual proportions. "Hazing," Dr. Kessler said, along with other kinds of initiation rites, "can be seen as a form of teasing." On at least one day each year, teasing at an almost sacred quality. "We have an entire day set aside, April Fool's Day, which gives immunity for this kind of activity."

Studying children, she found that teasing also can serve what she called "an adaptive function." One 10-year-old girl in an inner-city school was teased relentlessly because she had a free-lunch ticket. Bolstering her strength, the girl learned to tease back, telling her peers, "Never mind, say what you want. I'm going to enjoy my free lunch." As a study in adaptation, Dr. Kessler said, teasing and counter-teasing in this fashion "help develop qualities of strength, pride, independence and learning to deal with hurt feelings."

Inventive teasing requires skill, and "this skill in teasing is a valuable commodity in some cultures." Family members and in-laws may tease each other, she said, "reducing hostility and helping to keep relations from becoming too strained."

Whereas adults tend to name-play and tease using last names, Kessler found that children focus, occasionally viciously, on first names. "In adult society," she said, "getting a person's name wrong is not polite." Children, on the other hand, "flaunt it." Patty becomes Fatty. Peter is a Pumpkin-Eater. Sally was born to be Silly.

"Name-playing is just one step

away from name-calling." In the (perhaps twisted) spirit of name-calling, a child may be branded for life with a nickname reflecting some unfortunate physical characteristic.

With older children, she said, sexual teasing starts to show up. "Fag" is currently big with older kids, and of course you get the traditional "John-likes-Mary, Mary-likes-John" kind of thing. In this vein, she said, "Inner-city kids tend to make fun about being pregnant." Among the Cleveland students, she found that some children were teased more frequently than others. "They tended to be smaller, and slower; often they were less athletic, more academic." In the world of tease-warfare, "they ask for it." Not surprisingly, the teasers comprised an inverse profile.

Conferring with teachers in her Cleveland study, Dr. Kessler asked what they felt should be done about teasing. "Get rid of it," they chorused, then added, more gently: "Teach children to respect the feelings of others."

But some felt teasing might be somewhat healthy, teaching children resilience, and helping them to develop a thick skin.

For her part, Dr. Kessler said: "I have entirely changed my view about how to help the child who is being teased. The practical solution is to help the child answer back — and immediately. I have learned it doesn't matter what you say, but say something, and say it fast."

Disease Threatens Koalas
UNITED PRESS INTERNATIONAL
SYDNEY — A sudden increase in a disease, cystic ovary, is reportedly affecting up to 90 percent of female koalas in some areas of Australia. Researchers say the marsupials are not in danger of extinction, because some populations remain relatively untouched.

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AUTO INDUSTRY

Spain's EC Bid Could Jeopardize Exports

HEAVILY protected by tariffs but able to sell its vehicles more or less freely abroad, the Spanish car industry has become almost as controversial as the Japanese. Matters could come to a head over Spain's application to join the European Community.

At the moment, Spanish-built cars exported to EC countries carry a duty of only 4 percent, while EC manufacturers trying to sell in Spain must pay 36 percent. Spain negotiated these favorable terms in 1970 when its car industry was at a formative stage and more in need of protection than it is now.

Among persistent critics of Spanish trade policy has been Sir Michael Edwards, who has just relinquished his job as chairman of BL. He has claimed that the company could sell 20,000 Metros a year in Spain, given equal treatment with Ford's Valencia-sourced Fiesta, which enters Britain in large numbers paying the nominal 4 percent.

The argument will be revived, perhaps with even greater force, when General Motors starts shipments next year of its new "supermini," the Corsa, which is being built at Zaragoza. Last week Britain's Transport and General Workers' Union said it would use its industrial strength in the docks, road transport and the motor industry to impose controls on importing foreign-made cars. The union's general secretary, Moss Evans, said there would be a "total handling ban" on the Corsa until Vauxhall, GM's subsidiary in Britain, began building the car. However, the company has said it has no plans to assemble the model in Britain, although the possibility could not be ruled out if the market improved.

Sir Michael has suggested that unless Spain agrees to reduce its tariff on imported cars, Britain should retaliate by imposing quotas on Spanish vehicles. Since Ford has been send-

ing up to 69,000 Spanish-built Fiestas to Britain a year, and Ford is itself a major British producer and exporter, such a step seems unlikely.

The British government has, however, indicated that its support for Spain's application to join the European Community could depend on a positive response over the tariff issue.

Spain hopes to become a member of the EC in 1984, though this may be optimistic and the feeling is that it could be at least a year after that. Whenever it happens, Spain will be faced with the prospect of having to dismantle its protective wall completely to fall in line with EC policy, which is why it is hoping to negotiate a phased reduction in tariffs, over perhaps seven to 10 years.

Since Spain is bidding to become Western Europe's fourth biggest car producer, after West Germany, France and Italy, such a plea may not receive much sympathy. In 1980, for the first time, Spain made more

cars than the United Kingdom (1.03 million against 929,000) and though last year saw a falling back to 855,000, the new GM plant at Zaragoza should more than compensate.

Imports Rising

Despite the tariff penalty, car imports into Spain have been rising, from 36,000 in 1980 to 50,000 last year. Mercedes, Volkswagen and Ford itself are among the leading makes sold. But set against a total market of just over half a million cars, the import share is still modest and at the moment, at least, the only way to be sure of competing in Spain is to manufacture there.

Four out of five "Spanish" manufacturers are, indeed, foreign companies: Talbot, Citroën, Ford and the Renault subsidiary, Fasa. General Motors is joining them this autumn, making five out of six.

— PETER WAYMARK

France's PSA Group Maps Comeback

By Richard Feast

THE Citroën BX, French star of this week's Paris auto show, is far more significant than being merely a new car. It is the first of the truly new generation models to emerge from the troubled Peugeot group (PSA) since its creation nearly four years ago.

PSA plans its comeback in the French and European automobile industry on the merits of cars like the BX. While indications are that the sales recession is bottoming out and that PSA is over its worst nightmares, the group is emerging into a world where the opposition is a great deal leaner, fitter, wiser and hungrier. A great deal hinges on the success of the new Citroën.

When Peugeot, which already controlled Citroën, took over the old Chrysler-Europe interests in 1978, it created the biggest sales force in Europe.

But from enjoying nearly 18 percent of Europe's 10 million car market at the time, PSA has slipped to little more than 13 percent on a 9.7 million market. Worse, it was overtaken as European market leader by its arch rival, the state-owned Renault group.

Part of PSA's problem stemmed from having too much of everything: components, models, manpower, capacity, dealers. As sales vanished in the worst recession in postwar years, the group gradually found that adding two and two amounted to three.

Early plans for a three-pronged Peugeot, Citroën and Talbot (Chrysler) attack on the market were quickly abandoned. Talbot disappeared as a company, to be merged with Automobili Peugeot (AP). Citroën, however, was left largely as a separate division but, as the latest model indicates, it made a major step closer to the parent group.

Joint Ventures Started
Rationalization was desperately needed. PSA developed a policy of horizontal integration with other automakers, while at the same time putting its own house in order. It signed a major engine collaboration deal with Fiat of Italy and entered into engine supply and joint car collaboration with Chrysler in the United States. It has discussed joint ventures with Mitsubishi of Japan.

PSA is now much more efficient and could even be in profit next year. One of its aims is to retake the lead in the French new car market.

The talk is not of mergers. PSA has learned the hard way that big is not necessarily beautiful. Rather, it is of pooled resources, which will enable rival groups to share the cost of designing and manufacturing expensive components like power plants.

At the same time, the different design paths chosen by AP and Citroën were pulled together. The BX is the first indication of the extent of this.

The car is evidently still a Citroën. The style and mechanical specification mean it could hardly be anything else.

But beneath the skin it is a PSA car. The engine and gearbox are shared by other makes, and company officials do not seek to hide the fact that the floor pan, the chassis, will appear in other group products. This is widely believed to be a reference to the Peugeot 205, which will debut at next spring's Geneva auto show.

Even Citroën's unique hydropneumatic suspension on the BX can be substituted by the more conventional metal springs that practically all other automakers favor.

BX Less Complex

Further, the BX is the first Citroën to be production-oriented. In the past Citroën's production people were almost given what the design and styling people had decided and told to manufacture it. Now, apart from many other important technical advances, the BX contains fewer parts, needs fewer welds and is far less complex to produce than any previous equivalent model from the company.

It will make the BX cheaper to manufacture, and thus more profitable.

Certainly PSA needs to do all it can to curb losses, which amounted to 3.5 billion francs in 1980-1981. It was caught on all fronts, by falling sales, investment in new models (BX and 205) and plant (gearbox and engine factories) and by cutting capacity in Britain and Argentina. It also dispensed with its inherited Dodge truck-making operations, now controlled by Renault.

PSA is now much more efficient and could even be in profit next year. One of its aims is to retake the lead in the French new car market.



Citroën's BX 16 TRS.

it lost in 1980 to Renault. It has sunk even further since then, though Renault has largely managed to maintain its 40 percent market share.

Renault did so with the benefit of its large dealer network, integrated model line and its reputation for making economical cars. It was also generally more aggressive in its marketing, and definitely more glamorous with its motor racing and cycling programs.

PSA's eclipse happened at a time when Renault was launching a succession of new models (Fuego, five-door R5, R9) and technical innovations (diesels and turbo-charged gasoline engines). It all charged gasoline engines, created greater showroom traffic, and allowed Renault to weather the sales recession better than most volume automakers. More recently, though, its executives have been sounding less confident about the future.

Both groups, accounting for nearly three-quarters of all domestic sales, were poised to take advantage of the unexpected surge in demand for new cars. While this subsequently slowed, the country remains the one major European market to show any growth this year.

Buying Pattern Changing

However, a number of factors prevented Renault and PSA from benefiting fully. Renault, Citroën and Talbot were hit by industrial

disputes. They merely served to underline another change in French buying patterns.

While French companies were short of stock, at a time when demand was good, customers turned even more to imported cars. Five-year car sales in France have risen considerably in the past two years.

In part it stems from the weaknesses and contradictions of PSA, but it also originates from the financial strength of many importers, notably the West Germans. The country's car-makers have been selling hard in export markets, to counter slow home demand.

They have been able to because of an annual inflation rate of about 5.5 percent, which has allowed them to keep down prices. On the other side of the Rhine, French makers battle with 14 percent inflation.

June's exchange rate adjustments will obviously help French makers, both at home and abroad. But the summer package of economic measures, instituted by the government to reduce French inflation to 10 percent by the year-end, was a mixed blessing.

It imposed a four-month block on prices (and incomes) at a time when French makers were planning all-around increases. The great unknown is what all this will do to the French industry's competitiveness when, or if, the measures are lifted after October.

French Market Leaders (Above 1% Share)

| Manufacturer | Jan-April 1982 | % | 1981 | % | 1980 | % | 1979 | % |
|----------------|----------------|------|-----------|------|-----------|------|-----------|------|
| Alfa Romeo | 9,826 | 1.4 | 24,923 | 1.4 | 25,380 | 1.4 | 28,741 | 1.5 |
| BL | 8,866 | 1.2 | 23,996 | 1.3 | 25,359 | 1.4 | 30,151 | 1.5 |
| BMW | 11,189 | 1.6 | 24,521 | 1.3 | 17,239 | 0.9 | 15,037 | 0.8 |
| Fiat | 32,626 | 4.6 | 82,575 | 4.5 | 68,706 | 3.7 | 71,759 | 3.6 |
| Ford | 39,907 | 5.6 | 101,332 | 5.5 | 68,426 | 3.7 | 79,279 | 4.0 |
| General Motors | 16,005 | 2.3 | 34,667 | 1.9 | 33,641 | 1.8 | 37,969 | 1.9 |
| Lada | 6,985 | 1.0 | 21,628 | 1.2 | 14,989 | 0.8 | 16,663 | 0.8 |
| Peugeot SA | 236,252 | 33.2 | 606,573 | 33.1 | 685,318 | 36.6 | 747,688 | 37.8 |
| Citroën | 98,717 | 13.9 | 260,286 | 14.2 | 270,983 | 4.5 | 325,399 | 16.4 |
| Peugeot | 92,865 | 13.1 | 256,287 | 14.0 | 293,461 | 15.7 | 258,698 | 13.1 |
| Talbot | 44,670 | 6.3 | 90,000 | 4.9 | 120,874 | 6.5 | 163,591 | 8.3 |
| Renault | 277,051 | 39.0 | 713,195 | 38.9 | 759,312 | 40.5 | 691,544 | 35.0 |
| VAG | 42,703 | 6.0 | 122,212 | 6.7 | 98,182 | 5.2 | 79,942 | 4.0 |
| Imports | 197,437 | 27.8 | 514,974 | 28.1 | 428,516 | 22.9 | 437,110 | 22.1 |
| Total | 710,755 | 100 | 1,834,826 | 100 | 1,873,202 | 100 | 1,976,391 | 100 |

Competition Makes 'World Car' Concept Vital

GM, Ford and Renault Pioneer International Manufacture, Marketing

THERE ARE two main options open to car manufacturers striving to operate at maximum efficiency in an increasingly competitive environment: to make more effective use of labor and the latest automated equipment, and to achieve economies of scale by producing their models in the greatest possible numbers.

The idea of international manufacture goes back far into motor history. The Austin Seven had been built not only in Britain but in West Germany, France, the United States and Japan, and the Ford Model T had been sold with the slogan "world car" long before that term took on its current meaning.

In both cases, however, the car was designed principally for its home market and overseas assembly was a bonus. The strategy of setting out to design a car that was intended from the start to be built and sold in several countries did not emerge until the 1960s.

One aspect of it was the decision by Ford to integrate its European operation so that the same models would be produced in Britain as on the Continent, thus eliminating costly duplication in design, engineering and the production of components.

General Motors eventually adopted the same policy, but if one car was acceptable to motorists in Britain, Germany and France, why stop there? What about Africa and Latin America and the Far East?

The opportunities were quickly seized. GM extended its Chevelle/Kadett range from Europe to Brazil and, through the Isuzu company in which it had a 34 percent stake, to Japan.

The new Ford Escort, launched in 1980, started as a European car with production in Britain, West Germany and, later, Spain, while a version for the Australian market was made by Ford's Japanese partner, Toyo Kogyo. More significant will come of both the

Until the 1970s this would have been unthinkable. Americans drove large, thirsty cars, Europeans small, economical ones, and that seemed to be that.

Energy Crisis Effect
With the energy crisis, the position suddenly changed. The U.S. car industry came under direct government pressure to improve the fuel consumption of its models and this meant designing vehicles that were smaller, lighter and more "European." The possibility arose that the same basic model could be as relevant in the United States as anywhere else. Hence the birth of the "world car."

The company that has taken the concept furthest is GM. In October 1980, Howard H. Kehr, executive vice president of GM, set out the thinking behind it.

"The events of the past few years make it clear that competition in the motor industry has increasingly become world competition," he said.

That has spurred manufacturers around the world to adopt new ways of increasing their efficiency, he said, and one of these was the world car.

Mr. Kehr gave a four point definition:
• Cars of the same basic design that would be produced in several countries and have a number of common or interchangeable parts.
• These vehicles could compete in most major countries with minimum modifications to meet local demands.

• Both the finished vehicles and the components that go into them would be produced in sufficient volumes to minimize production costs, and the components would, in many cases, also be produced in several countries.

• The vehicles would be sold where they were assembled, as well as in other countries with similar requirements.

engineering effectiveness, save on capital by reducing tooling and production costs for similar or overlapping components; permit economies of scale created by the large-scale production or purchase of components, as well as the assembly and distribution of finished products; and increase the flexibility of manufacturing the supply systems.

He also mentioned two obstacles to the realization of the concept.
One was the insistence of certain countries on a minimum local content requirement in vehicles produced there, which effectively ruled out the import of components.

Secondly, the lack of harmonization between countries on their vehicle design requirements meant that, for instance, every piece of lighting equipment had to be changed if a car moved from Europe to Japan and the United States or, for that matter, the other way round.

The Chevette represented a partial move toward the world car concept but it was really a European car that GM adapted for other countries.

The later J-Car, however, was planned from the start to have a worldwide application. Initial development was carried out at the GM headquarters in Detroit and the GM subsidiaries in Europe and elsewhere were brought in to work on the design features that would be required by their markets. Emphasis was placed on evolving body structures that would accept common components.

From this integrated design and engineering effort two basic J-Cars evolved, one for the United States and the other for non-U.S. territories, Europe, Brazil, Australia and South Africa.

In the United States there were five versions of the car, corresponding to the GM product divisions: Cadillac Cimarron, Pontiac J2000,

looking different on the outside, they used the same basic body structure and shared many components. The engines came from existing GM stock, enabling greater scale economies to be achieved in this area.

The non-U.S. J-Car was made in Europe as the Vauxhall Cavalier and Opel Ascona. Apart from the badge and minor styling variations, the two models were identical. The South African, Brazilian and Australian versions were similar.

New Engine Developed
To power these cars, a new engine was developed and it was manufactured in West Germany, Brazil and Australia with an annual output of around one million units. There were scale economies, too, in the production of transaxles (the transmission/front suspension unit) since these came mainly from one source, Isuzu in Japan.

The world car idea is not exclusive to the U.S. manufacturers. Last year Renault, the state-owned French company, introduced a new model, the 9, which had been planned so that manufacturing facilities could be set up almost anywhere.

Apart from France, the car would be assembled in Spain, Portugal, Mexico, South Africa and Taiwan. There was also to be an American version, the Alliance, stemming from Renault's 46 percent stake in American Motors Corp.

Though there were several important engineering changes for the U.S. market, the Alliance has some 500 parts in common with the French-built 9, including engine and transmission. The car went into production at the AMC factory at Kenosha, Wisconsin, in June, and made its U.S. sales debut on Sept. 22.

Other manufacturers seem bound to follow GM, Ford and Renault towards the world car concept. In 1980, the

Widening Success of Imports Troubles Detroit

(Continued from Page 9S)

ve publicly expressed "guarded" optimism and privately expressed more severe views.

John Hammond, manager of Data Resources' U.S. automotive service, said, "The downside risks continue to be substantial, both in terms of obsolescence and magnitude. Interest rates are the key."

In fact, "the recovery is just around the corner," "prosperity is only six months away," and even "the recovery is in the mail" have alternately placed "the check is in the mail" as an almost gallows-humor version "the great lie."

Still, progress has been made. The plants closed during the current automotive recession have been the least productive. There seems to be, finally, a real commitment to producing "quality" products.

The automakers also have sought help outside their own doors. New alliances with the United Auto Workers union have helped to stem the tide of rising labor costs and created at least a facade of cooperation.

They also have lined up outside talent to help with future product programs. GM's plan to form a joint venture with Toyota for small-car

assembly at a couple of GM plants currently closed is just one example.

Opinions on the long-term impact of such an arrangement are split. Maryann Keller, Faine Webber Mitchell Hutchins vice president and auto analyst, caused quite a stir earlier in the year when she said the pending GM-Toyota deal was positive and reflected good management at GM. GM's equity issues performed quite well for several days.

Arthur G. Davis, Prescott, Ball & Turben auto analyst, said, "The new front-drive Corolla, which will be the vehicle in the deal, is state-of-the-art technology."

"GM saw nothing in its own stable to match it and decided to go this route to get the technology to its dealers."

Mr. Davis said that this arrangement and current domestic-make pricing policies make it clear the U.S. makers are moving away from the low-priced small-car end of the market in favor of the higher-margin, upscale models.

He said, "Detroit's pricing policies are relinquishing the econobox market to the Japanese."

"That means the imports could be taking as much as 40 percent of the total U.S. market in two years or so."

"It also means the domestic makers are moving their capacity in that direction, the upper econobox segment, and the whole world is moving into that market. The result could be a price war in that segment like the one in the low-end."

GM also has a deal pending with Suzuki for small-car trade, although not necessarily for the U.S. market.

Chrysler is depending on its trading partners, Peugeot and Mitsubishi, for small-car technology and in some instances products. AMC is depending heavily on Renault technology and the Alliance, the North American version of the R9, is the linchpin in AMC's recovery program.

Despite the view of some experts that Detroit must purchase small-car technology because it cannot develop it soon enough to satisfy market needs, the automakers are making progress in other areas of technology.

On-board electronics for engine control, diagnostic electronics and robotics are areas where the U.S. makers are focusing their attention. The Reagan administration's laissez-faire attitude toward new safety and emissions regulations has allowed Detroit to divert funds to certain product enhancement areas that are thought to improve product desirability and therefore competitiveness.



Dodge 600 ES

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AUTO INDUSTRY

Array of New Models Could Lift West Germany Out of Hard Times

WEST GERMANY'S motor industry, the most powerful in Europe, faces even harder times than it has been experiencing recently.

It balanced this year's serious decline in domestic sales with a continuation of its aggressive and successful export policy, but there are indications that this relief valve is about to blow.

Already, Volkswagen workers have been laid off for two weeks because of the enormous cost of financing existing stocks and last week, after announcing a profits slump in the second quarter, and ruling out any hope of a quick recovery, VW said production at its main plant at Wolfsburg would be halted for three weeks later this year.

It seems inevitable that more of their colleagues from other companies will face the same prospect now that orders from abroad have plunged and home market demand looks set to decline further in the face of growing political and economic uncertainties.

The picture looked better until the summer. Passenger car output rose 16 percent in the first half of this year to 2.1 million. In the same period domestic sales slipped 6 percent to 1.25 million, but pessimists are now predicting year-end sales of only two million. Even the optimists speak of only 2.1 million, compared to 2.3 million last year and a peak of 2.62 million four years ago.

To counter the shortfall, West German exports rose by a quarter to 1.29 million in the first half of this year. Much of the demand was European, and German products made big inroads into the other major national markets, France, Italy and Britain.

But Volkswagen, the chief ex-

porter in terms of numbers, was stung by the big drop in U.S. sales and has identified a softening elsewhere. By contrast, quality car makers like Mercedes-Benz, BMW and Porsche experienced exceptional U.S. demand, seemingly impervious to the unfavorable exchange rate between the Deutsche mark and the dollar.

New Models Appearing

However, the array of new models that the industry is introducing could not have arrived at a better time. They will add impetus to flagging sales. The program includes two of the major newcomers at the Paris auto show, the Audi 100 and the Anglo-German Ford Sierra.

Toward the end of this year there will be a new, small Mercedes-Benz, the 190/190E. It takes the company into a fresh market category and will have a major impact on the opposition. It will be followed shortly afterward by the four-wheel-drive Audi 80 and BMW's replacement for its 3-series.

The arrival of all these models in a broadly similar segment would have left GM's contender, the Opel Commodore, very exposed. As a result, a heavily revised model has been brought forward and will be introduced in November.

A pointer to the future of the West German industry comes, perhaps, from another newcomer, Opel's Corsa, which plugs a serious gap in the company's model lineup, is being made in a new, highly automated factory in Spain.

Opel is following Ford in sourcing small cars for the European market from an area where labor costs are lower than in other industrialized nations. With profit margins on baby cars so small, it is

vital to produce them as efficiently as possible.

Neither does the Spanish connection end with the Ford Fiesta and Opel Corsa. Volkswagen is negotiating with the Spanish automaker Seat, and an announcement is expected shortly whereby Seat will begin manufacturing the small Polo/Derby models.

Such an arrangement would help the troubled Seat, which would obtain modern, competitive models for its domestic market. But it would also benefit VW by giving it a proper presence in a market which is expected to show the biggest growth potential in Europe. More importantly, the Seat-made VWs would be sold in the rest of Europe through the German company's existing network.

While the Germans seem happy to sell small, Spanish-made cars, it is noticeable that none of the deals so far embraces the higher quality, top technology models that have been the mainstay of the German success.

Quality Sets

There are more customers for upper-medium and upper category cars in Germany than anywhere else in Europe. It is evident in the fact that the mid-range Mercedes-Benz and BMW 3-series outsell baby cars like the Polo and Fiesta. And German buyers, widely regarded as the most discriminating in Europe, seem to trust only products of their own country.

Even the German buyers' flirtation with Japanese products seems to have been broken off. Japanese sales rose to 11 percent of total in next to no time, but they now account for about 9 percent. At the same time, German companies have led the exporters in Japan, accounting for 80 percent of the (admittedly low) foreign sales there.

West German Passenger Car Production

| Manufacturer | 1981 | 1980 | 1979 | 1978 | 1977 |
|--------------|-----------|-----------|-----------|-----------|-----------|
| BMW | 337,757 | 330,087 | 328,281 | 311,793 | 284,771 |
| Daimler-Benz | 449,010 | 438,829 | 433,203 | 403,707 | 409,090 |
| Ford* | 486,917 | 419,517 | 546,957 | 544,160 | 542,750 |
| Opel | 810,158 | 786,643 | 960,243 | 952,456 | 922,304 |
| Porsche | 31,734 | 28,422 | 36,001 | 36,879 | 36,130 |
| VAG | 1,462,231 | 1,517,216 | 1,627,861 | 1,640,981 | 1,595,499 |
| Audi | 311,671 | 285,052 | 323,395 | 295,000 | 317,928 |
| Volkswagen | 1,150,560 | 1,232,164 | 1,304,466 | 1,345,981 | 1,277,571 |
| Total | 3,577,807 | 3,520,934 | 3,932,556 | 3,890,176 | 3,790,544 |

*Does not include Genk (Belgium)

Some German automakers attribute the check in Japanese sales to the buyers' realization that Japanese cars do not have the lasting qualities of the domestic product, with the inevitable effect on resale values.

There seems little doubt, though, that another reason is the German industry's quick reaction to the Japanese advance. German products are now much better equipped and better value for money. At the same time, Japanese imports are less competitively priced as a result of exchange rate changes.

But what really irks many in the German industry is the suggestion that the Japanese produce cars more efficiently than they do. In some cases it is true, because of the more mature nature of the industry, but any visit to Daimler-Benz, VW or BMW will produce an endless string of managers insisting that German production technology is every bit the match of Japan's.

Emphasis on Flexibility

Some examples include the use of assembly robots at Daimler-Benz, Opel's flexibility in making diesel or gasoline engines on the same lines, and the body assembly flexibility being built into all VW group factories. Soon, Wolfsburg will be able to make Golf, Jetta,

Polo and Derby models on the same lines.

Factories that do not have this ability to adjust to changing market demands will be the first to suffer in another major recession.

Along with these advanced production techniques comes the high engineering excellence of the products themselves. Indeed, the two companies with the best reputations, Daimler-Benz and BMW, managed to lift output when rivals were laying off employees in the worst of the recession.

The lesson was not lost on the volume producers. In future they too will be placing even greater emphasis on engineering and quality.

Audi, a part of the VW group that lost considerable domestic sales, freely admits it wants to move from its present gray area between the mass makers and the quality car producers. The only way is up.

— RICHARD FEAST

'Fuel Revolution' Continues

(Continued from Page 9S)

300,000 and a half million turbine cars could be in production in the early 1990s.

By using the latest ceramics, developed during the space programs, Ford has been able to raise combustion temperatures and improve efficiency.

Predictions based on the split-torque automatic transmission used in the U.S. version of the Escort are for 60 percent better fuel economy than is at present available. Another advantage of the gas turbine is that it can run on several fuels, liquid or gas, and is not, therefore, dependent on oil.

On the future of the electric car, manufacturers are still pessimistic. The difficulties stem from the state of battery technology. Even the most advanced batteries are heavy and bulky, give a limited range and take several hours to be recharged.

Ford has pointed out that it takes 700 times longer to fuel an electric vehicle than to fill a tank with gasoline.

Also, studies by the Electricity Council in Britain have suggested that, when battery life is taken into account, electric vehicles are up to six times more expensive to operate than gasoline-powered cars. At the moment, the electric car seems to be limited in its application to short trips around town.

On other possibilities, Brazil has successfully introduced cars powered by alcohol, taking advantage of its ability to grow two sugar cane crops a year for the large-scale production of ethanol.

Elsewhere methanol, which can be made from coal, wood, sewage and certain waste materials, has been used, especially as a gasoline extender. Up to 15 percent of alcohol can be added to gasoline without significant engine changes being necessary.

The Debate in Japan: Can the Giant Keep To Expansion Course?

By Jon P. Bird

THE Japanese automotive industry, which manages to keep on rolling despite growing international tensions and ever-stiffening trade barriers, is a powerful collective economic force to be reckoned with in world markets everywhere.

Last year, Japan's 11 automobile and truck makers exported 6,048,447 vehicles — 3,949,542 cars, 2,017,521 trucks and 84,384 buses. These figures compare with slightly under 6 million units in 1980, and only 4.5 million units in 1979.

In addition, over 550,000 vehicles were exported last year in the form of knocked-down assembly kits.

But can the Japanese automotive industry keep on expanding, and exactly where do Japanese automakers stand on the export controversy?

The auto makers themselves are concerned with the key problem of survival. With the truck and car makers fighting for shares of both domestic and export markets, it seems almost impossible for all 11 firms to survive until the end of the century.

Internal Shuffling

Industrial experts foresee some internal shuffling among Japanese auto companies in the not too distant future. Toyota Motor Co. and Toyota Motor Sales Co. are marketing arm, joined forces recently to become the Toyota Motor Corp.

The Daihatsu Motor Co. and Hino Motors are major affiliates of the Toyota group, and the Yamaha Motor Co. has acted as Toyota's racing research and development arm for many years.

Under the Nissan corporate umbrella are Nissan Diesel and Fuji Heavy Industries, makers of the Subaru line.

This leaves the major independents — Honda, Isuzu, Mitsubishi and Toyo Kogyo — with survival problems of their own. Honda may be the only real loner in this group, but it is aggressively pursuing overseas markets on its own. Honda's links with British Leyland in building the BL Bounty, inspired by the Honda Civic sedan, gives the Japanese firm access to the European market. Honda's U.S. plant in Ohio is ready to start producing Accord for Europe, and Honda also has a tie-up with Daimler-Benz in South Africa.

Consolidation in the home mar-

ket, where possible, and internationalization in overseas markets where necessary, are the steps if Japanese automakers are taking growth.

The Isuzu Motor Co. has hitched its future to the General Motors Corp., which owns 34 percent of Isuzu and is expected to increase its holdings to 40 percent. The additional capital will be Isuzu's build new facilities to produce its ST car to a future 300,000 units a year, 200,000 of which are destined for GM.

Red Ink Danger

The Mitsubishi Motor Corp. U.S. connection is Chrysler, who owns a 15 percent share of the Japanese firm, purchased in the heyday days when the Chrysler Corp. was strong. MMC, backed by a powerful Mitsubishi group, ranks fifth among Japanese auto makers and third among truck producers. MMC took over Chrysler's Australian subsidiary, and the captive import system in U.S. through Chrysler to develop brand recognition. This means MMC can now open up its own completely separate market channels as well as continue to use Chrysler links overseas.

Toyo Kogyo Co., which makes the Mazda line of automobiles, is most drowned in its own red ink during the oil shock of the mid 1970s, when it was trying to fuel-thirsty rotary engines. Fortunately, the Sumitomo Group stepped in to save TK, giving it a firm time to introduce other rotary engine cars like the Fami GLC/323 and Capella 626, which have done well in world markets.

Front-Wheel Components

The RX-7 sports car, with more fuel-efficient rotary engine also a hot seller.

However, TK's best outcome comes not from Sumitomo, but from the Ford Motor Co., who purchased a 25 percent share TK so that the company could become a reliable source for front-wheel drive car components for fully completed models marketed in Asia under the Ford (Laser) nameplate.

Even closer Ford-TK ties likely in the future, as both firms take advantage of each other's marketing expertise in different parts of the world.

Efficiency: Key Factor in Productivity Battle

(Continued from Page 9S)

United States and Europe have been forced to follow suit and the rate of robotization has accelerated dramatically. In 1980 GM had 425 robots in its plants, and in 1981 1,200, with nearly 4,000 more on order. By the end of the 1980s it plans to have 14,000. Ford in the United States has 500 and expects to install 2,400 by 1985.

In Europe, Fiat was soon joined by Renault and Volkswagen. All three consider robots sufficiently important to manufacture their own. For the introduction of the 3

model in 1981, Renault put 125 robots into its Douai plant and claimed it to be the most highly automated car factory in Europe.

The role of the robot should not be overstated. So far they have been used for a fairly limited range of functions, such as welding body panels, applying paint to complete body shells, loading machines and transferring parts. Whether they can ever take the place of the traditional labor intensive functions of trim and final assembly (fitting carpets, dashboards, electrical systems and so on) remains to be seen.

But even on a limited scale, robots will have profound consequences for the motor industry and its manning levels.

There are three possibilities. One is that a dramatic increase in the demand for cars in the later 1980s and beyond will allow companies to introduce robots and increase their work forces. Such a prospect appears highly unlikely.

Allowing for Robots

The second case is that demand for cars will grow sufficiently to enable robots to produce more vehicles with the same work force.

Even that looks optimistic and it seems that for most car industries, robots will be a means of producing more efficiently at roughly the same level of output but with fewer people.

General Motors believes that the number of man hours required to produce a car can be cut by half through automation, and the International Metalworkers' Federation has estimated that GM could require 60,000 fewer workers by 1990 than it did at the start of 1980s.

— PETER WAYMARK

1981 Balance Sheet. Touchstone for the past. Foundation stone for the future.

Once again, in 1981, we had a good balance sheet.

Of itself, it provides only a relatively scant picture of the results achieved by our overall policy. But for those who have observed our activities over any length of time, it represents a confirmation of that overall policy, based on continuity and security for the future.

It is precisely in difficult times — and none of the past few years has been easy — that a company such as Daimler-Benz must think, plan and operate on a long term basis, bringing together two seemingly contradictory principles.

One is a steadfast and persistent adherence to the traditional principles of first rate technology, quality and service ability, safety, durability and comfort; it is these that give our clients the confidence in our products that is the key to our long term success.

The other, however, is our active, forward-looking examination of changing conditions and new discoveries: we must and will find solutions for the future, in areas such as economy, reduction of pollution, the achievement of new markets.

Both are rightfully expected of us.

Market success based on a highly competitive range.

In a difficult year for the automobile industry, we managed to increase our car production from 429,078 to 440,778 units. Our marketing successes — or so we believe are based on our highly competitive production ranges and our worldwide customer service organization. The Mercedes-Benz "Energy Concept" has given us a considerable lead in fuel economy, enabling us to cut the fuel con-

| DAIMLER-BENZ AKTIENGESellschaft | | | | | |
|---|--------------------|-----------|--|--------------------|----------|
| Consolidated Balance Sheet (summary) | | | | | |
| | 31st December 1981 | | | 31st December 1980 | |
| | DM Mill. | DM Mill. | | DM Mill. | DM Mill. |
| ASSETS | | | LIABILITIES | | |
| Fixed assets | 5,790.9 | 4,479.9 | Proprietary capital | 6,266.0 | 5,315.3 |
| Net Current assets | 14,321.3 | 12,723.5 | Debts/liabilities | 13,846.2 | 11,888.1 |
| Balance sheet total | 20,112.2 | 17,203.4 | Balance sheet total | 20,112.2 | 17,203.4 |
| Consolidated Profit and Loss Account (summary) | | | | | |
| | 1981 | | | 1980 | |
| | DM Mill. | DM Mill. | | DM Mill. | DM Mill. |
| Sales | 36,660.7 | 31,053.7 | *) Cannot be compared on same basis as 1981 due to reorganization of Daimler-Benz AG employee retirement insurance. | | |
| Increase in inventory and self-constructed fixed assets | 892.5 | 1,073.1 | | | |
| Cost of materials | 19,496.9 | 16,556.2 | | | |
| Labour | 9,993.4 | 9,815.8*) | | | |
| Depreciation | 1,687.7 | 1,447.3 | | | |
| Taxes | 3,091.0 | 1,692.8*) | | | |
| Other expenditures | 2,457.9 | 1,512.7 | | | |
| less other income | 826.3 | 1,102.0*) | | | |
| of which: | | | The annual report giving the full annual statements of account may be obtained from banks or direct from Daimler-Benz AG, Dept. FBW/AFB, P.O. Box 202, D-7000 Stuttgart. | | |
| Provisions written back | — | 391.0*) | | | |
| Profit for the period | 826.3 | 711.0 | | | |

sumption of our vehicles by up to 22%, and to achieve further improvements in environmental acceptability, in our particularly successful top models, for example, where we produced and sold over 95,800 vehicles in 1981.

These savings were not, however, achieved at the cost of performance or comfort. And certainly not at the cost of quality or safety. The same applies to models 200 and 230 E, with their high performance yet economical four cylinder engines.

Our new top of the range model, the large Coupé in the 380 SEC and 500 SEC versions, was enthusiastically received by the market.

In spite of the extremely weak investment position in most Western European countries and the USA, we nevertheless managed to maintain commercial vehicle production and sales at almost the same high level as in the previous year.

with 272,868): indeed, in monetary terms we even managed to increase our turnover.

This was attributable to our increased exports of medium-sized and extra-heavy goods vehicles to the Middle East and North African countries.

Without this increase in exports, a drop in our sales and employment figures would have been unavoidable.

However, it is not only our export activities that we have strengthened, but also our foreign commitment — for example by acquiring the North American heavy goods vehicle manufacturer, Freightliner. In this way, Daimler-Benz are endeavouring to secure a firm position in the North American HGV trade.

Success abroad.

In 1981, our growth was exclusively

turnover, at DM 36.7 billion, rose by 63% (as compared with 55% in the previous year).

This growth was achieved in Europe, the USA, Australia, Asia and Africa. The marketing situation in South America — Argentina and Brazil — was one of considerable difficulty.

Capital investment to secure the company's future.

Only a strong, healthy company can invest. And only a company that can invest will remain strong and healthy.

To maintain and enlarge the considerable technical lead which our vehicles have, we invest, for example, more than a billion DM each year in research and development.

And in the context of our medium term investment plan, we invest more than DM 2.5 billion each year in new products, new production plant, greater flexibility of production, and an improved marketing and customer service organization.

Looking the future — with faith and confidence.

Our product range policy is in line with the continuing trend of durable and economic vehicles of a high technical standard.

Based on this policy we have a secure order situation, and hence a continuing high level of employment.

Our success in achieving our targets will be possible only with the full utilization of the company's personnel and material resources.

And, of course, with your confidence — and we shall once again, by our performance, endeavour to prove ourselves worthy of this



AUTO INDUSTRY

Ford of Britain Banking Heavily On Success of New Sierra Model

NOWHERE in Europe does Ford sell as many cars as it does in Britain. Last year the total was 235,000, or almost one in three of all cars sold.

The medium range Cortina, or Lotus, now replaced by the sleek Sierra, was the No. 1 seller, as was for most of the past decade. The importance of the Sierra to Ford of Britain cannot be over-emphasized. In earning terms it is the most important car in the company's model lineup. Ford is looking for the same sort of numbers with the new Sierra as it achieved with Cortina, allow it to maintain its impressive profits record of recent years.

Ford of Britain is one of the few in the company's somewhat unbalanced worldwide crown. On the face of it, its money-earning power would tend to scotch the common notion that the country is a really a good place to make motor cars these days.

In truth, it is not. But it is a good place to sell cars, as the high level of imports, nearly 60 percent, indicates. Companies like Volkswagen-Audi, Volvo, BMW and Mercedes-Benz have shown strong, consistent growth in Britain, assisted by the high retail prices at which they are sold in better times by a stronger domestic industry.

Ford's dazzling succession of profits, as good and consistent as any in Europe, were achieved by cars it sells in Britain rather than all of its new models from the best of its efficient factories in Germany, Belgium, Spain and the Republic of Ireland.

Other British volume makers, including General Motors' Vauxhall

and Peugeot's Talbot, followed a similar European sourcing policy, though they have signally failed to make money. BL, the state-owned group which does not have the luxury of tied imports, is still one of the auto world's great money-losers.

Specialists Also Hit

Even the small, specialist automakers, of whom there are several in Britain, are finding the going tough. Rolls-Royce, whose customers one would expect to be immune from the recession, has suffered a drop of more than a third in domestic registrations.

This continued low level of domestic demand, where the vast majority of sales are made, means the year-end output will be below one million for the third successive year. However, in the short term the arrival next spring of a new generation of cars from BL's Austin Rover division may improve matters.

Ironically, the one event that did promise to change the industry's international standing, Nissan's now "suspended" auto plant in Britain, was largely opposed by the established makers. They identified the program as an assembly one, with few prospects of local orders for the dedicated components industry and with every likelihood of making their own factories appear less competitive.

Thus Ford and BL are the only true volume automakers in the country. Vauxhall and Talbot are little more than assemblers for the home market.

Talbot, formerly Rootes and Chrysler-Europe, assembles vehicles from French components. It is

a shadow of its former self, and its future is dependent on the potentially lucrative on-off-on deal to supply component kits of defunct models to Iran. Given the volatile nature of Iranian business and politics it is a shaky prospect.

Figures released recently by the Society of Motor Manufacturers and Traders showed that Talbot's output slumped by more than 63 percent in the first half of this year, enough to wipe out improvements by BL, Ford and Vauxhall, and bring the U.K. total down from 491,178 in the first half of 1981 to 465,846.

Certainly Talbot's parent group, whose share of the European market has shrunk even more quickly, does not need the British manufacturing capacity.

Vauxhall Looking Up

By contrast, Vauxhall has looked more healthy lately. GM's market share, including products from its West German Opel concern, has jumped three points in the space of a year, mainly on the strength of its Cavalier (Ascona). It is a picture that is common across Europe, where Opel has made large gains.

Vauxhall imports models from Opel factories in West Germany and Belgium. Soon it will be importing cars from a new Spanish factory as well, a move that could trigger a major union/company row.

The Spanish car is the Corsa, GM's first true competitor in the Fiat 127/Renault 5/Ford Fiesta super-mini category.

Vauxhall's one proper manufacturing job is the old Chevette, a

low volume model that fits into a similar category.

Vauxhall denies the arrival of the Corsa will mean the demise of the Chevette, but Vauxhall employees have seen the way GM's global planning has gone recently and are anxious about their future.

Ford already imports half its Fiestas from Spain, and sourcing from Spain has become a sensitive issue.

What irritates BL is that it cannot sell in the essentially closed Spanish market, while goods from Spain have no restrictions on their volume. However, the picture may change with the country's membership of the Common Market in the mid-1980s.

BL has little prospect of getting back on target until the arrival next spring of the first of the LC10 generation of cars. BL's Metro and Acclaim (a Honda clone) sell well enough, but it needs a big volume model in the Escort/Astra range.

Its more specialist Jaguar and Range Rover remain in remarkably good demand, but whatever their gains, they are not enough to offset Austin Rover volume losses.

British Passenger Car Production

| Manufacturer | 1981 | 1980 | 1979 | 1978 | 1977 |
|--------------|---------|---------|-----------|-----------|-----------|
| BL | 413,440 | 395,820 | 503,767 | 611,624 | 639,236 |
| DeLorean | 7,409 | — | — | — | — |
| Ford | 342,171 | 342,767 | 398,694 | 324,428 | 406,640 |
| Lotus | 345 | 384 | 1,031 | 1,196 | 1,092 |
| Reliant | 89 | 582 | 876 | 832 | 2,392 |
| Rolls-Royce | 3,087 | 3,108 | 3,343 | 3,328 | 2,860 |
| Talbot* | 117,439 | 125,314 | 102,977 | 196,456 | 169,468 |
| TVR | 164 | 144 | 308 | 312 | 364 |
| Vauxhall | 69,932 | 55,002 | 58,765 | 84,032 | 93,236 |
| Others | 574 | 623 | 691 | 728 | 767 |
| Total: | 954,650 | 923,744 | 1,070,452 | 1,222,936 | 1,315,694 |

*Formerly Chrysler UK, until acquired in 1978 by Peugeot SA.

BL is down to little more than 18 percent market share and needs to hit at least 20 percent for any prospect of recovery.

BL has swallowed millions in public funds, though it is very much fitter and leaner since Sir Michael Edwards, the firm's outgoing chairman, performed major surgery on it. The group's declared aim of breaking even by next year looks more optimistic as the year goes by, but that is as much a reflection on the market place as on BL itself. Other automakers will be hard pressed, too.

Yet more taxpayers' money appears to have been fruitlessly lost in the troubled Northern Ireland province. Receivers were called in to DeLorean, which made stainless steel sports cars, mainly for the U.S. market. The company failed largely because of the U.S. sales recession, and it is not yet clear whether the Belfast plant will ever make cars again.

Another factor causing all makers concern is the substantial growth in private imports. The traffic has been hastened by the high retail prices in Britain and much lower prices in Belgium and

the Netherlands. It was partly in response to this trend that Ford cut its prices earlier this year.

Other makers pooh-poohed the idea of doing the same. They have done so, of course, simply because of Ford's marketing muscle and the disorderly state of the market.

What sales growth there has been was generated by the lifting of all controls on loans (previously one-third deposit and the remainder repayable within two years). Given high interest rates, buying a car became a daunting prospect.

But the change in legislation and easing of interest rates led to a record August high of 302,000 car sales. It was sufficient to lift annual sales above the previous year's equivalent total, whereas they had been running in arrears.

It caused manufacturers to raise their year-end expectations on sales, if not on revenues.

Meanwhile, the motor industry is lobbying hard for the abolition of the special car tax. But many top auto industry executives believe it is too valuable an income for the exchequer and abolition is an impossible dream.

—RICHARD FEAST

Fiat's Turnaround In Sales Brightens The European Scene

By Sari Gilbert

A GREEMENT is hard to come by in Italy, but at present there is an undisputed consensus that a turnaround at Fiat, the giant Italian automobile maker, is the biggest success story around, all the more so since it has taken place against a background of general recession in the Western European car market.

After several years of losses, brought on by management errors, trade union troubles and a decline in product quality that has led some English-speaking wits to claim Fiat stands for "fix it again, Tony," the world's eighth largest car manufacturer is once again riding high.

The company is back in the black with admittedly small net profits but rising from 51 billion lire in 1980 to 97 billion in 1981, and recent months have provided a plethora of encouraging signs, like a 21 percent increase in sales in 1981 and a 6 percent rise in exports.

Investments have increased significantly and productivity, which for a time had sunk far below Japanese and European standards, recently climbed 20 percent to respectable levels.

Most importantly, Fiat has regained its place as Western Europe's No. 1 car salesman. In the first seven months of this year, Fiat's share of the European market rose to 13.9 percent, compared to 13.7 percent in the same period of 1981.

True, this is a far cry from the golden days of the 1960s when 18 out of every 100 cars sold in Europe were Fiats. But it is a decided improvement from 1979 when the Fiat share had sunk back to only 11 percent.

Home Market Gains

In Italy itself recent performance is also inspiring. In a market that is contracting, although less severely than elsewhere on the Continent, Italian car manufacturers managed to capture 63.1 percent of the local market between January and June, up from 60.9 percent a year earlier.

And of this, 51.9 percent was won by Fiat's aggressive sales policy and restrained pricing. Indeed, of the 10 most popular cars in Italy, the top four, the 127, the Ritmo or Strada, the Panda and the 131 are Fiats, and two of the other six,

the Autobianchi A-112 and the Lancia Delta, also belong to the Fiat stable. July was an unprecedented boom month, with Fiat's share of the market at 55.3 percent, equal to 82,770 cars.

All this has understandably led to a certain amount of optimism. Gianni Agnelli, chairman of the Turin-based conglomerate of 450 companies in 60 countries, admits that recovery is not total and has predicted that 1982 would be a difficult year, but he recently appeared sanguine about Fiat's prospects.

"The difficulties of the future do not find us unprepared," he told shareholders at the annual meeting this summer.

"Fiat emerges strengthened from the trials of the past: more solid financially, more innovative in its products, more aggressive in commercial penetration."

Changes Paying Off

The fact is that in the aftermath of the slump that followed hard on the 1973 oil crisis, a series of changes in production, management, design and labor policy appear to be paying off. In the latter field, the high point of the company's last ditch attack on falling productivity and soaring absenteeism came in the fall of 1980 when the company withstood a seven-week strike that collapsed when 40,000 mid-level employees took to the streets in an unprecedented bid to return to work.

By withstanding the strike, Fiat won the right to lay off 23,000 excess auto workers and as part of a broader plan to reduce total employees and keep unsold car stocks to a minimum, thousands of other workers are being kept on a rotating short-time schedule. The company's aggressive labor policy has also had the effect of sharply reducing absenteeism, with the result that productivity has risen sharply.

Changes in management and production methods have also had far reaching effects.

In the late-1970s the company was reorganized into a holding company heading 11 subsidiaries and in 1980 new men like Cesare Romiti, managing director, Francesco Paolo Mattioli, general manager, and Vittorio Ghidella, auto chief, were moved into the top slots, bringing about a division between ownership and management long desired by Mr. Agnelli.

Sweden Stable, but Remains Vulnerable to Hazards of Export Market

FTER FIGHTING for its life during most of the 1970s, the Swedish auto industry seems to have entered a more stable period. The underlying weaknesses remain and the ultimate survival of Volvo and Saab may depend on the extent to which they can benefit from alliances with other manufacturers.

The Swedes carved their niche in the world car market by designing hard Scandinavian winters, they introduced important safety features years before their rivals. The cars have sold well in North America, still the principal export market, and also in Britain, where motorists tend to appreciate

the solid, if unspectacular, virtues that Volvo and Saab can offer.

But Sweden's population of only eight million is too small a home market to guarantee a firm base and this means that the car industry is forced to sell about 70 percent of its output abroad. This makes Volvo and Saab particularly vulnerable to sudden currency changes and the other hazards of selling overseas.

Both companies, too, are hampered by their size. Even counting Volvo's Dutch operation, they can muster a combined capacity of only half a million units. This is not nearly enough to reap the economies of scale, in design and manufacture, that are avail-

able to a Renault or a Volkswagen.

Nor can Saab and Volvo afford to change their models as often as they would like. Both the Saab 99/900 and the big Volvo go back to the 1960s, though the latter will gradually be phased out in favor of the 7 series launched earlier this year.

A total of 258,000 cars was produced in Sweden last year, an improvement on the 235,000 of the previous year but still well below the 317,000 made in 1976. Volvo managed to increase its output by 22,000 to 192,000 and had a good year in the United States, but Saab production, at 66,000, was the same as in 1980 and meant that the

company was again operating at only two-thirds of capacity.

Without the resources to devote to frequent model changes, Saab has had to make the best of an old design. The stretch of the 99 into the 900 was a useful holding operation, but even the 900 is several years old.

Where Saab has scored is in being the first manufacturer to grasp the opportunity of turbo-charging as a means of increasing performance without a proportionate penalty in fuel consumption. The 900 turbo has accounted for up to one third of all Saabs sold and almost every manufacturer, big and small, has paid Saab the

compliment of following it along the turbo path.

For those who have perceived the traditional large Volvo as a somewhat tank-like vehicle, the 760 will come as a pleasant surprise.

Lower, wider and slightly shorter than the 264, it has a distinctive wedge shape with sloping hood and sharply angled windshield. The near-vertical angle of the rear window with the trunk is an unusual piece of styling, which helps the aerodynamics of the car.

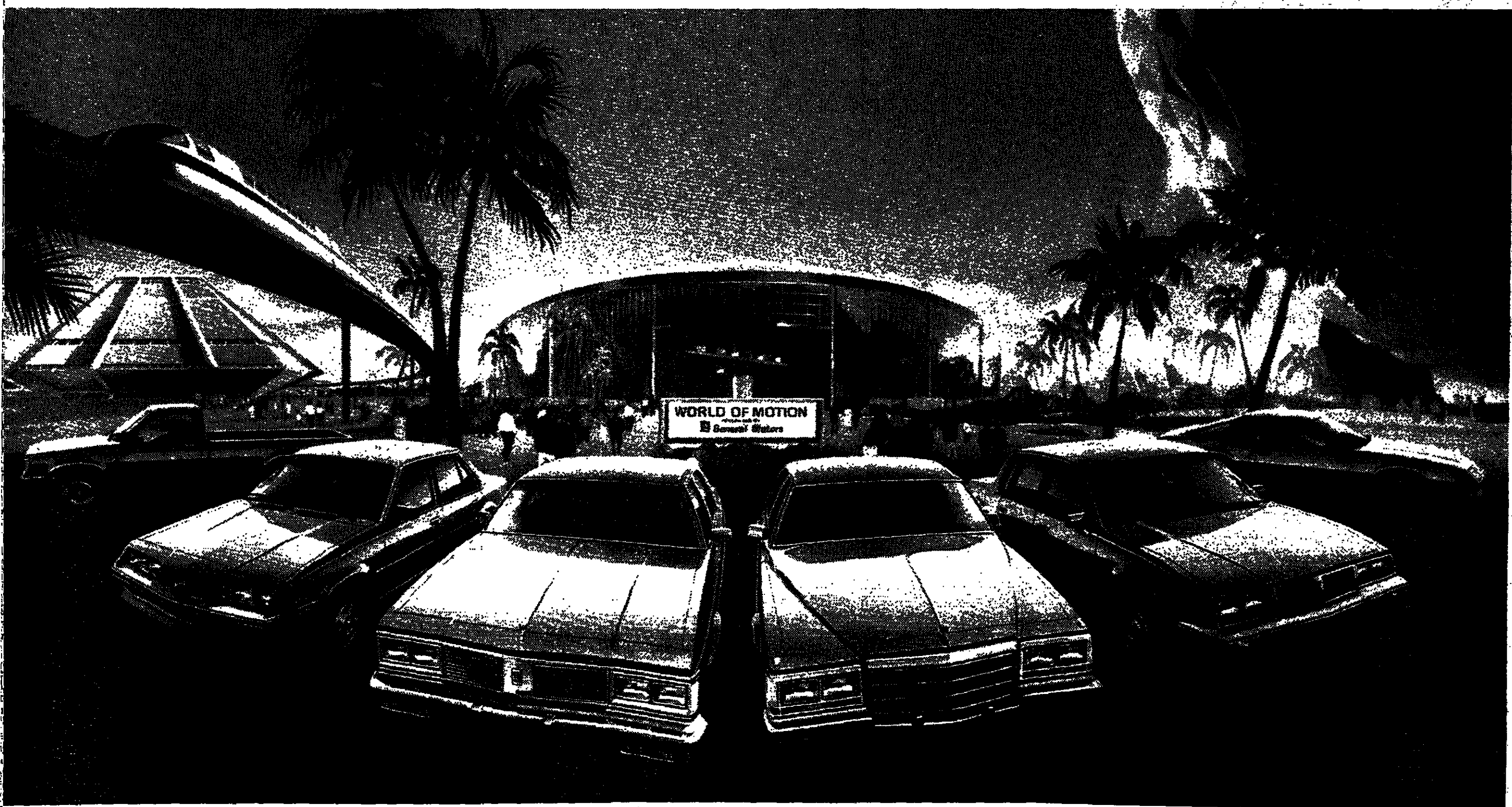
The turbocharged diesel version, using a six cylinder Volkswagen unit, is as smooth and quiet as any diesel on the market, beats nearly

all of them on performance and returns excellent fuel economy.

The 760 arrives, however, at a time when sales of large cars have been falling away alarmingly and however good it is, Volvo may not reap the full reward from it. That is why its second model line, the 300 Series built in the Netherlands, may assume greater importance.

Taking over the former Daf car operation has proved a mixed blessing. There were serious teething troubles with the car and it ran up such losses that the Dutch government was forced to step in and increase its stake from 45 percent to 70 percent.

—PETER WAYMARK



GMC 15-15 BUICK SKYHAWK OLDSMOBILE NINETY-EIGHT REGENCY CADILLAC FLEETWOOD BROUGHAM PONTIAC 6000 LE CHEVROLET CAMARO Z28-E

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WORLD OF MOTION FROM GENERAL MOTORS

Dow Jones Averages

| | | |
|------------|----------|----------|
| INDUSTRIAL | 2,814.12 | UP 15.12 |
| MARKET | 1,171.12 | UP 10.12 |
| COMPOSITE | 1,171.12 | UP 10.12 |
| FINANCIAL | 1,171.12 | UP 10.12 |
| TRANSPORT | 1,171.12 | UP 10.12 |

Standard & Poor's Index

| | | |
|------------|----------|----------|
| INDUSTRIAL | 1,171.12 | UP 10.12 |
| MARKET | 1,171.12 | UP 10.12 |
| COMPOSITE | 1,171.12 | UP 10.12 |
| FINANCIAL | 1,171.12 | UP 10.12 |
| TRANSPORT | 1,171.12 | UP 10.12 |

Odd-Lot Trading in N.Y.

| | | |
|-----------|--------|--------|
| Symbol | Price | Volume |
| IBM | 110.00 | 100 |
| Microsoft | 45.00 | 50 |
| Apple | 30.00 | 25 |
| Oracle | 20.00 | 15 |
| Unisys | 15.00 | 10 |

Market Summary, Sept. 29

Market Indices

| Index | Value | Change |
|----------------------|----------|--------|
| Dow Jones Industrial | 2,814.12 | +15.12 |
| Dow Jones Market | 1,171.12 | +10.12 |
| Dow Jones Composite | 1,171.12 | +10.12 |
| Dow Jones Financial | 1,171.12 | +10.12 |
| Dow Jones Transport | 1,171.12 | +10.12 |

AMEX Stock Index

| Index | Value | Change |
|-----------------|----------|--------|
| AMEX Industrial | 1,171.12 | +10.12 |
| AMEX Market | 1,171.12 | +10.12 |
| AMEX Composite | 1,171.12 | +10.12 |
| AMEX Financial | 1,171.12 | +10.12 |
| AMEX Transport | 1,171.12 | +10.12 |

NYSE Most Actives

| Symbol | Price | Volume |
|-----------|--------|--------|
| IBM | 110.00 | 100 |
| Microsoft | 45.00 | 50 |
| Apple | 30.00 | 25 |
| Oracle | 20.00 | 15 |
| Unisys | 15.00 | 10 |

NYSE Index

| Index | Value | Change |
|-----------------|----------|--------|
| NYSE Industrial | 1,171.12 | +10.12 |
| NYSE Market | 1,171.12 | +10.12 |
| NYSE Composite | 1,171.12 | +10.12 |
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AMEX Most Actives

| Symbol | Price | Volume |
|-----------|--------|--------|
| IBM | 110.00 | 100 |
| Microsoft | 45.00 | 50 |
| Apple | 30.00 | 25 |
| Oracle | 20.00 | 15 |
| Unisys | 15.00 | 10 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

Wednesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
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12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

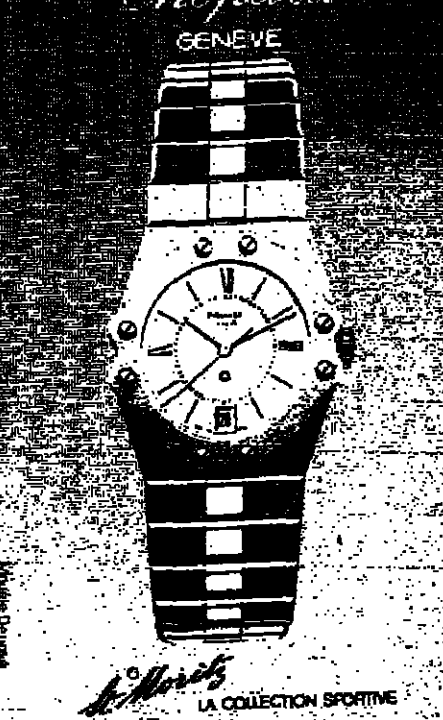
12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
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| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
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| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

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12 Month High Low Stock Div. Yld. P/E

| Symbol | High | Low | Div. | Yld. | P/E |
|-----------|--------|--------|------|------|-------|
| IBM | 110.00 | 100.00 | 1.00 | 1.00 | 10.00 |
| Microsoft | 45.00 | 40.00 | 0.50 | 0.50 | 10.00 |
| Apple | 30.00 | 25.00 | 0.25 | 0.25 | 10.00 |
| Oracle | 20.00 | 15.00 | 0.10 | 0.10 | 10.00 |
| Unisys | 15.00 | 10.00 | 0.05 | 0.05 | 10.00 |

U.S. Duties Asked For Plane Imports

United Press International
WASHINGTON — Manufacturers of aircraft used by the U.S. commuter airline industry have asked the government to impose sanctions on foreign aircraft makers whose governments supply extremely favorable financing to U.S. buyers.

Edward Simpson, president of the General Aviation Manufacturers Association, said Tuesday that imports of commuter aircraft exceeded exports in 1981 for the first time in the history of the industry and that imports for the first quarter of 1982 are running \$100 million ahead of exports.

"This change in the balance is primarily due to the increased imports of commuter and business jet aircraft," Mr. Simpson told the U.S. International Trade Commission, which is investigating the impact of foreign subsidies on the U.S. commuter market.

The commuter industry wants the commission to impose countervailing duties and to enforce international agreements regarding government financing of commuter and general aviation aircraft.

Mr. Simpson said that, in a recent case before the commission, evidence was submitted showing that interest rates were 7 to 9 percent for Brazilian aircraft purchased by U.S. buyers, while U.S. manufacturers were forced to deal with a rate of more than 20 percent.

"Such flagrant predatory financing cannot be anything but injurious to our domestic industry," he said.

The commission found Sept. 22 that the U.S. industry was not materially injured by the Brazilian imports.

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BUSINESS BRIEFS

Caterpillar Sees Losses, Slack Sales

PEORIA, Ill. — Caterpillar Tractor expects a third-quarter loss before taxes of about \$120 million to \$140 million, and even greater fourth-quarter losses, it said Wednesday. The company said its overall 1982 sales will be about 30 percent below those of 1981.

Caterpillar said sales for the third quarter would be lower than for the second quarter, despite \$300 million of shipments to dealers made under various inventory plans. The company posted sales of \$1.85 billion in the second quarter.

Caterpillar said more than two-thirds of the third-quarter loss is expected to be offset by tax credits and negative income taxes and added that similar breaks would partially offset its fourth-quarter loss.

It said production schedules and the number of salaried employees will be further reduced. Its capital expenditures for 1983 will be about \$300 million, or \$175 million less than earlier projected.

Bühler Sees No Profit Improvement

ZURICH — Oerlikon Bühler Holding said Wednesday that consolidated profit is unlikely to improve this year, but group sales should rise to 1.1 billion Swiss francs (\$1.88 billion) from last year's 3.99 billion.

Group net profit fell to 24 million Swiss francs last year from 195.9 million in 1980, and the board decided to cut the dividend to 10 percent from 15 percent. Group sales in the first eight months of 1982 were slightly higher than in the same 1981 period, the company said in a letter to shareholders.

Order volume for smaller anti-aircraft weapon systems is reaching remarkable proportions in the military products division, Bühler said. But sales in the machines division will probably decline 20 percent from last year, it said. The company said the automotive division continues to profit from good sales of the Pilatus Aircraft, and the Bally Shoe division is also expected to show a substantial improvement in earnings.

Ericsson Seeks to Buy Part of Facit

STOCKHOLM — L.M. Ericsson, the big Swedish telecommunications company, is negotiating with Electrolux, a Swedish maker of home appliances, to buy its Facit electronics subsidiary, Ericsson said Wednesday. The transfer, which will not include Facit's North American operations, is planned for Jan. 1.

Facit, which was taken over by Electrolux in 1973, produces data systems, microcomputers and other electronic products. Its turnover last year was 1.3 billion Swedish crowns (\$206 million). Ericsson gave no financial details of the transfer.

Electrolux Halts Talks With AEG

STOCKHOLM — Electrolux, the Swedish appliance maker, has broken off talks with AEG-Telefunken on managing AEG's household appliances division after determining that AEG's financial situation was more complicated than anyone could have foreseen.

Electrolux said earlier this month that it was considering taking over the management of a portion of the AEG household appliances division, not including the subsidiaries Neff Werke, Zanker and Küpperbusch. The German electrical group declared itself insolvent in August and is attempting to restructure its operations.

Toyota, UMW-Malaysia Form Venture

TOYOTA, Japan — Toyota Motor and United Motor Works (Malaysia) Holdings have signed an agreement to establish a joint venture company in Malaysia, to be called UMW-Toyota Holdings, to assemble Toyota-designed small cars for sale in Malaysia.

Toyota will own 15 percent of the joint company and UMW 52 percent, with the remaining 33 percent shared by undisclosed government-controlled financial institutions in Malaysia, it said. The company will be capitalized at 50 million Malaysian dollars (\$21.2 million).

Toyota said the new enterprise will purchase four local companies including Borneo Motor, an affiliate of Indopac Malaysia (Holdings), which now assembles Toyota cars, to take over the business. Industry sources said the new company will produce about 23,000 cars a year in a plant in Shah Alam, the capital of Selangor state.

MIM to Buy Part of 2 German Units

FRANKFURT — Metallgesellschaft said Wednesday that it has agreed to sell 50 percent of its Ruhr-Zink subsidiary to MIM Holdings, the Australian mining concern. MIM will also buy 33.3 percent of Rheinmetall, which is two-thirds owned by Metallgesellschaft's Vereinigte Deutsche Metallwerke subsidiary and one-third owned by Grillo Werke.

As part of a cooperation plan, MIM will provide Metallgesellschaft with 60,000 metric tons of zinc concentrates per year, a figure that will rise to 100,000 tons a year in 1985. Metallgesellschaft said the Ruhr-Zink plant has been affected by the structural crisis depressing the European zinc industry and an agreement to secure zinc concentrate supplies was essential.

A Metallgesellschaft spokesman declined to comment on the price being paid by MIM, but industry sources placed it at less than \$30 million. Ruhr-Zink has a nominal capital of 37 million Deutsche marks (\$14.5 million), while Rheinmetall has nominal capital of 12 million DM.

Compiled From Agency Dispatches

Fed Ties Strings to Citicorp Takeover

By Robert A. Bennett

New York Times Service

NEW YORK — The Federal Reserve Board, in opening the California savings and loan market to New York-based Citicorp, has justified the move on the view that it would benefit competition in a period of weakness among the nation's thrift institutions.

The action Tuesday allowed Citicorp of New York, the parent company of the second largest U.S. bank, to acquire the Fidelity Savings and Loan Association of California. Immediately after receiving approval, Citicorp signed the necessary papers to complete the acquisition. For the first time, a New York bank will be able to collect consumer deposits in California.

The action culminated years of intense lobbying efforts by Citicorp to get a foothold in California's lush deposit market. In contrast to New York, where the banking industry has been growing slower than in most other states, California's banking market has been booming.

For that reason, many New York banks — especially Citicorp — have been trying to get into the California market. But they have been stymied by federal laws that prohibit banks from accepting domestic deposits outside their own states.

Only because Fidelity had failed to do the federal authorities allowed it to be taken over by Citicorp. The filing Fidelity was closed by the California authorities last April 13. Since then, Fidelity was run as a receivership of the Federal Savings and Loan Insurance Corp.

The acquisition was permitted in the face of bitter opposition from most California banks and savings institutions. Fidelity, with \$2.9 billion in as-

sets, has 80 deposit-taking branches throughout the state.

Approval from the Federal Reserve was the last step in Citicorp's campaign. Earlier, it had gained approval from the FSLIC, which insures deposits in savings and loan associations, and from the Federal Home Loan Bank Board, which regulates savings and loan associations.

Citicorp won approval because, in bidding for Fidelity against California institutions, it asked for less financial support from the FSLIC than other bidders did.

The FSLIC estimated that its cost of rescuing Fidelity's depositors would be \$143 million less under the Citicorp offer than it would have been if the next higher bid were accepted. Even so, the agency expects its cost to be \$165 million over 12 years if interest rates remain at high levels.

In addition, Citicorp agreed to invest about \$80 million of capital in Fidelity to keep its net worth equivalent to at least 3 percent of its total liabilities.

In approving Citicorp's application, however, the Federal Reserve set conditions intended to assure that Fidelity would continue to operate as if it were a locally owned California institution.

In its letter of approval, the Federal Reserve listed seven conditions to restrict what Citicorp could do with Fidelity.

Fidelity's primary purpose, for example, will still have to be to provide "residential housing credit." The Fed also said Citicorp must divest itself of certain of Fidelity's real estate development activities in which bank holding companies are not allowed to engage.

In addition, although the Federal Home Loan Bank Board has allowed savings and loan associations to operate across state lines, the Federal Reserve has barred Fidelity from such activity.

The Federal Reserve also directed Citicorp not to link any of Fidelity's functions with those of any other Citicorp subsidiaries.

Regarding the Federal Reserve's decision, Linda Tse Yang, California's commissioner of savings and loans, reiterated her opposition to the Citicorp acquisition. She said in an interview that Congress had made clear its preference for intrastate mergers and that the recent drop in interest rates had made it more likely that a California thrift institution could operate Fidelity successfully.

American Airlines Agrees to Lease 20 Jets From McDonnell Douglas

Compiled by Our Staff From Dispatches

NEW YORK — In an unusual transaction, American Airlines has agreed to lease 20 twin-jet Super 80 aircraft beginning in May. Financial details of the accord with McDonnell Douglas and United Technologies were not disclosed.

But American said the agreement called for it to share its profits with McDonnell if results achieved by the planes were better than expected.

American said in Dallas that, under the agreement, it could return some or all of the planes after five years without penalty, or at any time on payment of a cancellation charge. It said the agreement includes an option under which it may extend the agreement for an additional 13 years. American also has an option to buy the planes.

Donald J. Carty, American's controller, said the airline worked out the leasing arrangement because "we have not been in the position to make a longer-term commitment we would have liked to." Analysts called the arrangement unprecedented.

The fuel-efficient, 140-passenger

planes, which have a maximum range of 2,000 miles (3,200 kilometers), will carry JT8D-217A engines made by United Technologies' Pratt & Whitney Division.

Analysts noted that, for American — which, though it is expected to be moderately profitable in 1982, is suffering along with the rest of the airline industry from a slump in traffic — the deal provides the use of fuel-efficient jets without the need for costly loans.

The benefits to McDonnell Douglas are essentially twofold, analysts said. In addition to keeping layoffs down and plants operating at higher levels, the deal will permit McDonnell to maintain a competitive edge over aircraft-makers developing planes of a similar size. Boeing, for instance, is developing a 737-300 aircraft aimed at the same market as the Super 80.

Most of the planes are flown by smaller regional airlines, which tend to be in a better position to buy new equipment. Major trunk carriers generally have not been able to purchase the Super 80 or any other new aircraft.

American was said to have been looking for a plane that it could operate efficiently on short-haul routes into Dallas, which it made its headquarters a few years ago. The airline had reportedly decided to continue using the older, less efficient Boeing 727-100 before the McDonnell deal was arranged.

Venezuelan Presents Debt Conversion Plan

Reuters

NEW YORK — Finance Minister Luis Ugueto of Venezuela presented to bankers Wednesday a plan to convert Venezuelan government agencies' short-term debt into medium-term loans to his country.

He said the plan and other measures were designed to restore confidence in Venezuela among lenders in Venezuela among medium-sized banks, he said. He said to view international debt problems as global without distinguishing between countries.

The Venezuelan public sector's total external debt is \$18.5 billion, of which \$8.7 billion falls due within a year. Of state agencies' debt, \$1 billion falls due before the end of this year.

While denying rumors that Venezuela plans to arrange a loan of up to \$800 million, Mr. Ugueto said the government does seek a loan of undetermined size to refinance existing debt as soon as market conditions are suitable.

Mr. Ugueto said Venezuela has felt the pinch of a curtailment of lending in Venezuela among U.S. banks and by European banks, including some major ones. Many

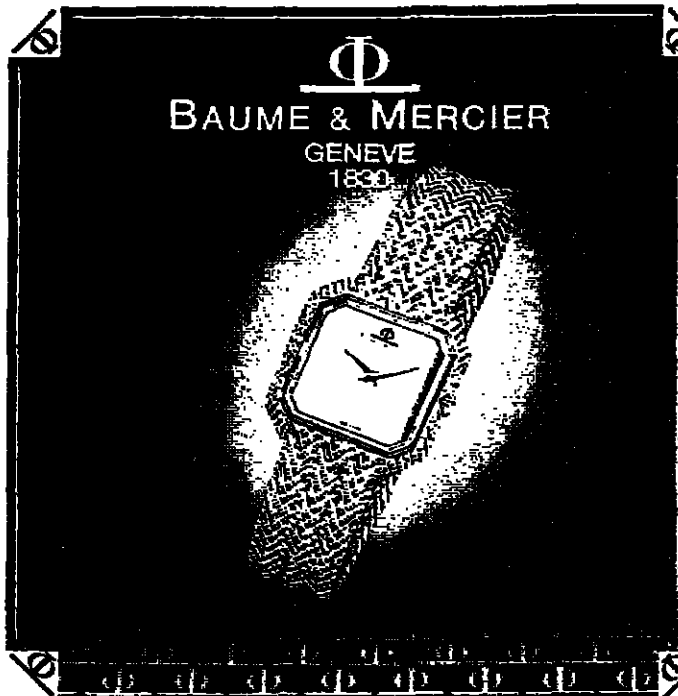
banks have been unwilling to renege one-year credits to Venezuelan agencies as they fall due, he said. In three cases totaling about \$300 million, banks have already been repaid in full, he said.

Elaborating on recent measures taken by the government to restore confidence in Venezuela, he said the country's gold reserves were reduced last week to \$300 million from \$42.22, adding about \$3 billion to foreign reserves.

In addition, this week the government centralized the foreign reserves of all state agencies except the Venezuelan Investment Fund into a pool totaling about \$15 billion. The investment fund's external deposits are about \$2 billion.

The public external debt of \$18 billion and therefore the Venezuelan state has deposits abroad that are equal to one dollar for every one dollar of its external debt," a government statement said.

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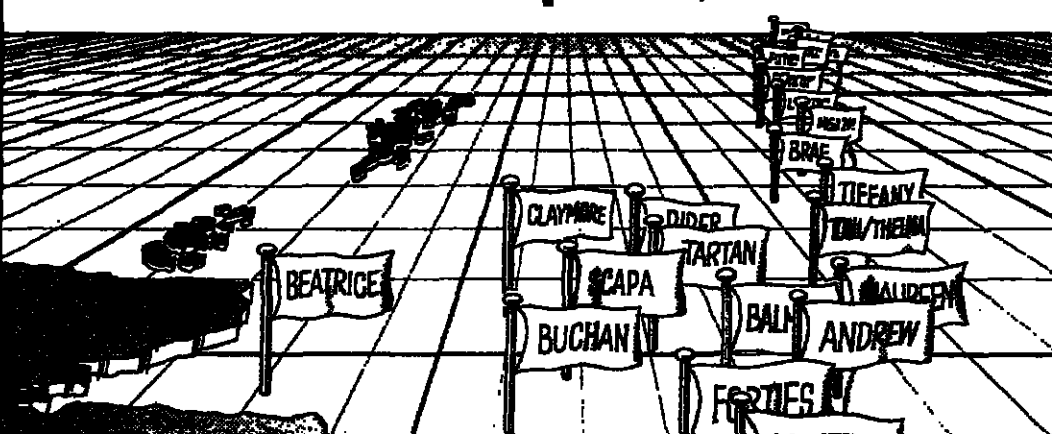
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American Can Renault and Peugeot Undeterred by Losses Acquisition

(Continued from Page 13)

said. It said it intends to expand into other areas of the financial services market as appropriate opportunities arise.

American Can said it would pay PennCorp shareholders a total of about \$264 million in stated value of preferred stock and notes. It said the exercise of the options would cost \$31.4 million cash.

American said holders of up to 25 percent of PennCorp's outstanding common would receive shares of a series of convertible preferred. Holders of up to 64 million of PennCorp stock, less the number of the shares exchanged for the convertible preferred, would receive shares of a series of nonconvertible preferred. Shares of both preferred series would have one vote per share.

American Can said the convertible preferred would be issued in the ratio of one share per two PennCorp common shares and would have a stated value of \$27.50 a share, as well as a cumulative dividend of 75 cents quarterly.

The shares would be convertible into American Can common stock in a ratio equal to \$27.50 divided by the average market price of American Can common during a period that has not yet been determined.

Rate Not Yet Set

The nonconvertible preferred, on which the dividend rate has not yet been set, would be issued in the ratio of \$13.75 in stated value for each share of PennCorp common and would have a stated value of \$100 a share.

American Can said the transaction is intended to be tax-free to PennCorp shareholders who exchange their shares for preferred stock.

It said holders of up to 36 percent of PennCorp's shares would receive for each share \$13.75 in principal amount of 10-year senior notes or five-year installment notes, issued in \$1,000 multiples. The notes would be issued in minimum principal amounts of \$10,000 and would be non-negotiable. The interest rates will be set later.

American Can said it paid \$3 million to purchase an option to buy a warrant to purchase \$4.8 million PennCorp shares, or 20 percent of those shares would be outstanding after exercise, from American Financial Corp.

(Continued from Page 13)

liters of gasoline per 100 kilometers (the equivalent of about 80 miles a gallon).

Responding to questions, Mr. Hanon said he was in favor of the government's price-wage freeze and its austerity program in general. He said that, although the program was proving painful for French companies, it was essential in combating inflation — a goal he said he shared.

Commenting on the U.S. market, Mr. Hanon said he believed that Renault and American Motors Corp. would reach their goal of selling 100,000 of their jointly manufactured Alliance cars. That goal will be gradually increased to 400,000 cars.

Mr. Hanon said legislation proposed in the United States to limit foreign parts in cars sold in the U.S. market would not affect Renault. Even if the legislation is passed it will not affect us, because of the high U.S. content, which averages between 60 and 70 percent for the Alliance, he said.

In a separate news conference, Jean Boillot, head of Peugeot's automobile division, said his company would also post a substantial loss in 1982, but he and other executives declined to provide figures. For 1981, the Peugeot group, including the Citroën division, reported a loss of 2 billion francs after a loss of 1.5 billion francs in 1980.

Company executives and industry sources said Wednesday that the 1982 loss, based on Mr. Boillot's comments, will probably be as high as last year's and possibly higher. Mr. Boillot said the company's wage bill had increased substantially, mainly because of added costs from measures sponsored by the Socialist government.

The measures, Mr. Boillot said, added 5 percent this year to Peugeot's total wage and social-benefits costs, which in 1981 totaled 9 billion francs.

The company has also been hard hit by strikes at its plant at Poissy, near Paris, during early June, Mr. Boillot said. He said July output had been affected substantially, possibly involving a loss of 50,000 cars that might otherwise have been produced.

Through August, Peugeot's auto sales were rising at a rate of 7 to 8 percent, Mr. Boillot said. "There is still much to do," he said, adding, "We are pursuing our efforts in improving our range of vehicles and further unification of our European network, to consolidate our position" in France and around the world.

As part of a management shuffle announced Tuesday, Mr. Boillot, previously president of the automobile division, was named vice chairman and general manager. His counterpart at Citroën, Jacques Lombard, made a similar switch, emerging with an identical title.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

| Italy | | 1982 | 1981 |
|----------|---------|-----------|-----------|
| 1st Half | Revenue | 4,406,000 | 4,257,000 |
| 2nd Half | Revenue | 4,406,000 | 4,257,000 |

| United States | | 1982 | 1981 |
|------------------------------|---------|-------|-------|
| Great Atlantic & Pacific Tea | Revenue | 1,000 | 1,720 |
| 2nd Half | Revenue | 1,000 | 1,720 |
| Per Share | Revenue | 0.21 | 0.21 |
| 1st Half | Revenue | 2,420 | 2,420 |
| 2nd Half | Revenue | 2,420 | 2,420 |
| Per Share | Revenue | 0.21 | 0.21 |

Weekly net asset value

Tokyo Pacific Holdings N.V.

on September 27, 1982: U.S. \$66.19.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Hekking & Pierson N.V.,
Harengracht 214, 1016 BS Amsterdam.

Tables include the nationwide prices up to the closing on Wall Street.

Wednesday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on **WALL STREET**

(Continued on Page 17)

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Published with The New York Times and The Washington Post

Canadian Indexes **Sept. 29**

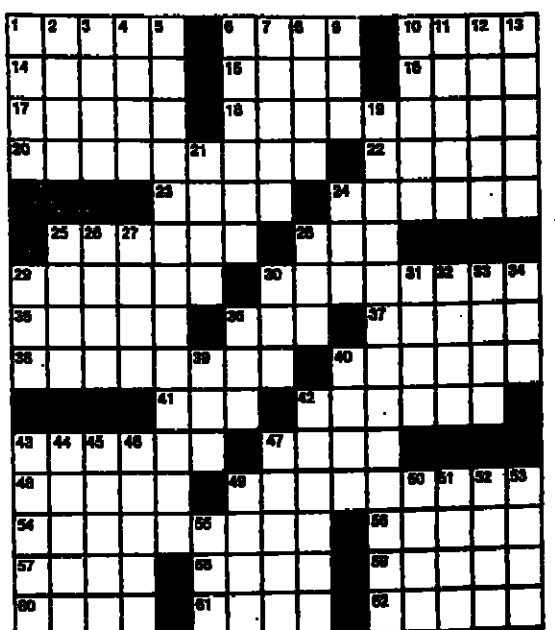
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Tables include the nationwide prices up to the closing on Wall Street.

Tables include the nationwide prices up to the closing on Wall Street.

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CROSSWORD



- ACROSS**
- 1 National park in Okla.
 - 6 Uncommon
 - 10 N.L. team
 - 14 Like a banshee's wail
 - 15 Spirit
 - 16 Black, to birds
 - 17 Mellivorous quadruped
 - 18 Sadly, to conductor Muti
 - 20 Chaucer's "Nun's Tale"
 - 22 Upper
 - 23 Study with "over"
 - 24 Disowned
 - 25 Levied
 - 26 Mien
 - 28 Straberg's way, with "the"
 - 30 Urgent
 - 35 Writer
 - 36 Mix or Swift
 - 37 Organ
 - 38 Amassed
 - 40 Alaska, in relation to Texas
 - 41 Kind of stripe
 - 42 Eligible
 - 43 A former governor of Ga.
 - 47 This may be over your head
- DOWN**
- 1 Saucy
 - 2 Jacob's substitute bride
 - 3 TV's Johnson
 - 4 Haberdasher's display
 - 5 Spoiler of a rustic scene
 - 6 12, e.g.
 - 7 Solo
 - 8 She wrote "The Four-tailed head"
 - 9 Sake
 - 10 Casaba
 - 11 Town near Salerno
 - 12 Viennese cake
 - 13 Slammmin' Sammy
 - 19 Exaggeration
 - 21 "Betty"
 - 23 1930s Vallee hit
 - 24 Cutting tool
 - 25 Voluntary
 - 26 "Tell—the Marines!"
 - 27 Sif's husband
 - 28 Slot-machine part
 - 29 Bell and Barker
 - 30 How goes the weasel?
 - 31 Ill
 - 32 Playwright from Kansas
 - 33 CARE concern
 - 34 Preface to a book
 - 36 Cask for amontillado
 - 39 Trump worth 10 points in pinch
 - 40 Actress
 - 42 One of the dactyls
 - 43 Bewails
 - 44 Broadway heroine
 - 45 Office equipment
 - 46 Coolidge's Vice President
 - 47 Hue that's light and slight
 - 48 Money for Mario
 - 50 Turkish title
 - 51 Glacial snowfield
 - 52 Very, to René
 - 53 Rogues' abbr.
 - 55 Chafe

WEATHER

| | HIGH | LOW | | HIGH | LOW |
|----------------------------------|------|-----|-------------|------|-----|
| ALABAMA | 64 | 44 | LOS ANGELES | 75 | 54 |
| ALASKA | 59 | 44 | MADRID | 58 | 44 |
| ARIZONA | 64 | 44 | MARIANA | 27 | 81 |
| ARKANSAS | 64 | 44 | MEXICO CITY | 72 | 54 |
| CALIFORNIA | 64 | 44 | MIAMI | 75 | 54 |
| CANADA | 59 | 44 | MONTREAL | 47 | 32 |
| CHINA | 64 | 44 | MUNICH | 58 | 44 |
| COLOMBIA | 64 | 44 | NAIROBI | 75 | 54 |
| COSTA RICA | 64 | 44 | NEW DELHI | 75 | 54 |
| CUBA | 64 | 44 | NEW YORK | 75 | 54 |
| CZECH REPUBLIC | 64 | 44 | NICARAGUA | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | OLSO | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | PARIS | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | SAO PAULO | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | SEATTLE | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | SINGAPORE | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | STOCKHOLM | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | SYDNEY | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | TAIPEI | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | TEHRAN | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | TOYO | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | UNION | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | VERONA | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | VIRGINIA | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | WASHINGTON | 75 | 54 |
| DEMOCRATIC REPUBLIC OF THE CONGO | 64 | 44 | ZURICH | 75 | 54 |

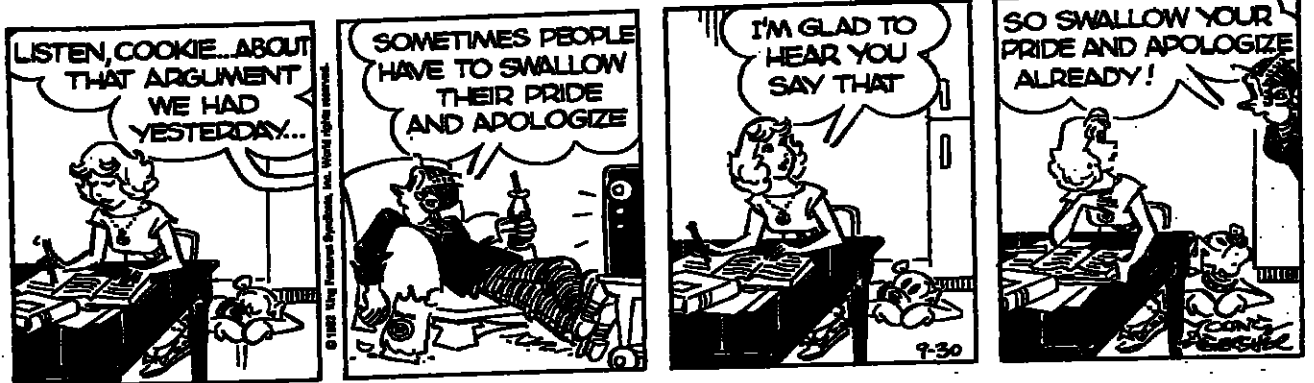
PEANUTS



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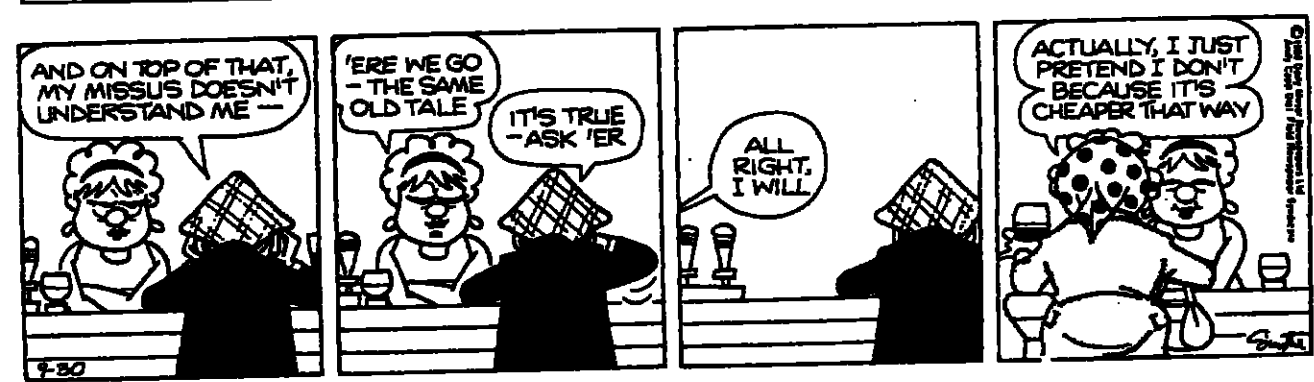
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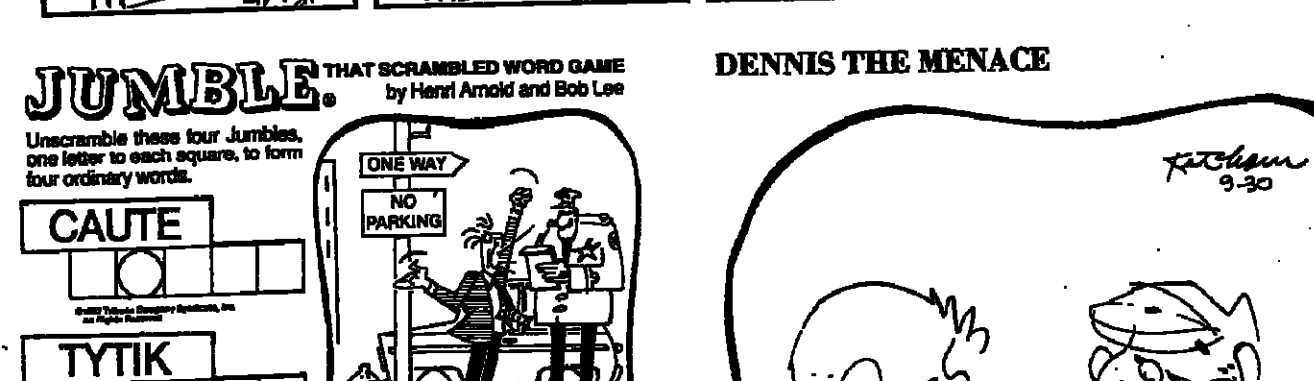
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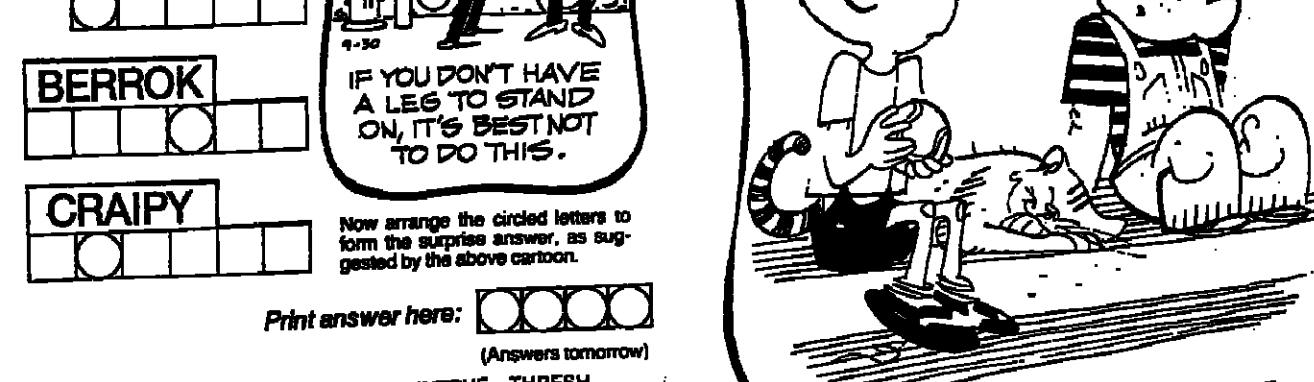
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BOOKS

IN THE CITY OF FEAR

By Ward Just. 291 pp. \$14.95. Viking, 625 Madison Ave., New York, N.Y. 10022.

Reviewed by Jonathan Yardley

WARD JUST'S new novel, like the eight works of fiction and nonfiction that preceded it, is preoccupied with two subjects: Washington and Vietnam, which happen also to be where Just spent most of his career as a journalist. Its characters, like those in his previous work, occupy the upper and upper-middle tiers of the power structure; its settings are the corridors and salons of power that they inhabit; its themes, though addressed from various directions and angles, involve the ways in which power is exercised and the moral dilemmas it poses.

Beyond any doubt, "In the City of Fear" is Just's most ambitious attempt to grapple with these matters. It is not a work of great length, but it embraces a large cast of characters and a formidable array of themes and variations—too large and too formidable, in fact, for the book to succeed as fiction. "In the City of Fear" is a novel of ideas and opinions; given that its author is Just, these are usually interesting and always elegantly stated. But its structure is oddly misshapen and uninviting, its characters are less appealing than Just appears to believe them to be, it contains too much brittle talk, and its doggedly solemn atmosphere is ultimately exhausting. There's much in the book to admire, but little in it to like.

Though the novel moves back and forth in time, from the first moments of U.S. involvement in Vietnam to the final hours of indecision and withdrawal, its principal activity takes place during the time of the nation's most intense and divisive commitment there. Its main characters are Piatt Warden, an ambitious young representative from Illinois; his wife, Marina, "indisputably a woman who knew the score"; and Sam Joyce, a colonel in the U.S. Army who "had gone to the war in the beginning and had stayed almost until its end, and who has been Marina's lover for sixty years. They and their closest friends, among whom are an influential journalist and an official of the Central Intelligence Agency, reside in a tiny corner of Georgetown that they know as Shakerville from "their half-joking description of themselves in the old days, 'movers and shakers.'" It is a dinner party in Shakerville that provides the core around which the novel is constructed, a party at which many hard truths are painfully exposed.

Mood of the Day

As the party begins, Marina reflects upon the mood of the day: "Late Washington had come to seem to her like a Potemkin village, a facade maintained for the sake of the authorities, a city nervously preserving its good grooming—a gallant mustache, a confident pompadour—for the Crown, on those rare occasions when the Royal Train took to the boulevards. Washington now was like a family suffering terrible, unspeakable illness. It was an illness that could not be described to outsiders, so the family, once so cocky, was now subdued and defensive. It was family

trouble, and they were all part of it." The dinner party is, in microcosm, a gathering of that family—a domestic battle mirroring the real war being fought several worlds away.

Though a great deal is going on in this little battle, the central struggle is for Piatt Warden's soul. He is "a shrewd legislator, an insider, an insider's insider, rated as one of the 10 or 15 most effective legislators in the House," and he has cautiously, carefully debated—a position that makes him the subject of intense wooing by the White House, the occupant of which just brilliantly portrays. As the evening wears on, as whiskey and fatigue do their work on the diners' inhibitions, the full panoply of moral and political questions confronting Piatt—as well as Washington itself—is gradually, remorselessly brought to light. It is a process that leaves only one participant on fully defensible moral terrain: Sam Joyce, the good soldier, drawn back to Vietnam over and over again out of love for his fellow soldiers—his fellow men.

Sam Joyce is the novel's central character, if indeed it can be said to have one, and when he first appears in it he establishes its central metaphor. His war is over now and he is in a Washington hospital, the victim of a corrosive disease. "A stupid army has invaded him, an army with no imagination and led by clumsy captains. It followed a scorched-earth policy, advancing on all fronts simultaneously, its commander in chief as slow-witted as Custer or the butcher Foch." The metaphor—disease eating up a man, war devouring a nation—is painfully obvious, and symptomatic of the difficulty Just creates for himself in the novel: he is so intent on proving his thematic points that he takes the life right out of it. "In the City of Fear" is more successful as editorial commentary than as fiction.

Full Thematic Barren

A revealing case in point is its conclusion. A character named Dennis McDonough, who to this point has been a distant and mysterious figure, suddenly emerges from the mists of the past to assume the novel's full thematic burden. He was, in the very early years of the Vietnam misadventure, a middle-level official in the National Security Council who had written a memorandum opposing further involvement. "He had gone on record, a brave act." Now, in a flashback to those years, his accidental death and are urged to contemplate its meaning.

What did we know best? What had we lost? What did we believe, except that we were on the frontier of a brilliant adventure that nothing could halt or foreclose? As to the adventure itself, there would be portents. Was there something after all to be made of this death, so random and unprecedented?

Of course, the death of Dennis McDonough prefigures the deaths to follow in Vietnam, and when his wife sees a film of the fatal accident broadcast on television, the "living-room war" is prefigured. That all of this is symbolically accurate goes without saying, but it is also mumbly and obvious. Just is a writer of considerable sophistication, but in his earnest desire to teach the lesson of Vietnam—and the lesson that moral commitment must not be shed away from—the novel is a clumsy apparatus.

From the first page of "In the City of Fear" to the last, you can see the machinery cranking. The novel has many fine moments, but it is simply too programmatic to sustain attention or genuine interest.

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

DEVOTEES of Sherlock Holmes will recall the story of the missing race horse, "Silver Blaze," and the curious incident of the dog in the night. The type of reasoning used by the famous detective on that occasion is often available in a bridge context, and was so to the declarer on the diagrammed deal.

Aggressive bidding carried North-South to an extremely shaky game contract. After a diamond opening lead brought the jack from East and the king from the closed hand, the declarer was faced with a very difficult planning problem. It seemed a long way to nine tricks.

The hearts offered some prospects and not commit him to much, so he embarked on that suit. When West played low he ducked in the dummy, not choosing to squander the queen in the faint hope that West held both ace and king.

A diamond was returned and won in dummy with the queen. This seemed a good moment to take a spade finesse, and when the queen won another heart was led and again ducked.

Yet another diamond drove out dummy's ace, and South was at the crossroads. The obvious play was to continue hearts in the hope that the remaining hearts would fall together.

It was possible but not likely that East had false-carded twice, concealing the ten from an original holding of K-J-10. Could he have begun with A-K-J?

It was time for some Sherlock Holmes-like inference. Like the dog in the night, East had done nothing, and there had to be a reason for his failure to open the bidding. If he had begun with A-K-J of hearts together with the diamond jack and the spade king, not to mention a possible something in clubs, he would no-doubt have opened the bidding. So the declarer concluded correctly that the hearts were divided 4-2, and that it was hopeless to continue the suit.

He led a low club from dummy, and found a favorable position in that suit. East put up the king and re-

The last club brought hearts from West and dummy, and the spade five from East. South felt sure that West had just one spade left, the ten, nine, or seven.

If it was the seven, the play of the eight would serve. But the nine or ten was twice as likely, so he went with the odds by leading the jack.

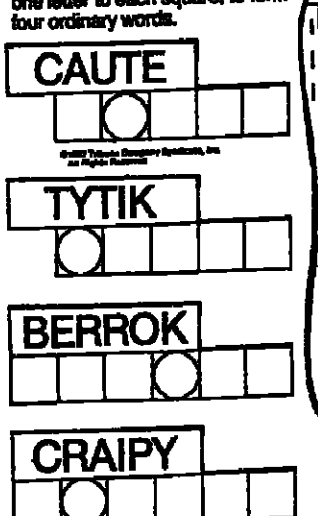
This pinned the nine, end-played East, and brought home a game. Declarer's effort was one of the best recorded by this department in many a moon.

| NORTH | | | |
|-------|-----|---|------|
| ♠ | Q85 | ♥ | AK75 |
| ♦ | AK | ♣ | AK75 |
| WEST | | | |
| ♠ | AK | ♥ | QJ |
| ♦ | QJ | ♣ | AK |
| SOUTH | | | |
| ♠ | AJ8 | ♥ | QJ |
| ♦ | QJ | ♣ | AK |

East and West were vulnerable. The bidding: North 1♠, South 1♥, North 2♠, South 3♥, North 4♥, South 4♥.

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.



THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee



IF YOU DON'T HAVE A LEG TO STAND ON, IT'S BEST NOT TO DO THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

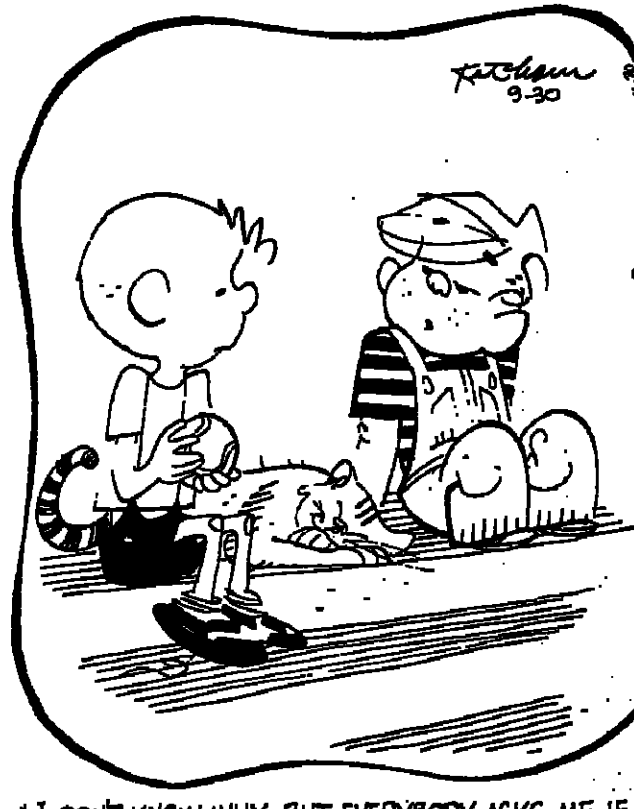
Print answer here: _____

(Answers tomorrow)

Yesterday's Jumbles: EXCEL GUILD UNTRUE THRESH

Answer: A woman usually stops telling her age when it starts this—TELLING ON HER

DENNIS THE MENACE



"I DON'T KNOW WHY, BUT EVERYBODY ASKS ME IF

مكدراس النجاش

